

JPRS-CAR-87-013

1 JULY 1987



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JPRS Report

China

1 JULY 1987

CHINA

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LIAOWANG EXTOLS TITO'S LEADERSHIP OF YUGOSLAVIA

HK020700 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 21, 25 May 87

[Article by Li Daijun (2621 0108 6511): "Maintaining Independence and Keeping the Initiative in One's Own Hands, Carrying on a Tenacious Struggle-- Commemorating the 50th Anniversary of Tito's Leadership in the Yugoslav Communist Party"]

[Text] There are earthshaking figures in the history of every nation. Josip Broz Tito was such a man in the modern history of the Yugoslav Nation. As noted by Yugoslav writer (Scander Kulainovich) [si ken de er ku lai nuo wei qi 2448 5146 1795 1422 1655 5490 6179 4850 1142]: "In fact our history is the history of a nation which was repeatedly conquered by others, the history of a people who were bullied over the centuries. Such being the case, our country is bound to witness and in fact has already witnessed the birth of a man who managed to unite our progressive forces around him to change the course of our history. And this man was our Tito."

This year will mark the 10th anniversary of Tito's leadership over the Yugoslav Communist Party (out of which the League of Communists of Yugoslavia (LCY) grew). The 25th of May will be the 95th anniversary of Tito's birth. Accordingly, the LCY Central Committee decided on 30 January to launch various activities within the party and in the country throughout the year to commemorate this day which is of great historical significance to the Yugoslav party and people.

Tito undertook the important responsibility to exercise leadership of the Yugoslav Communist Party on 17 August 1937, after 27 years in the revolutionary ranks. He was then 45 years old. He went on to lead the Yugoslav Communist Party for 43 years, until his death on 4 May 1980.

Reinvigorating the Yugoslav Communist Party

The Yugoslav Communist Party had slack and powerless organizations and negligible influence among the masses 50 years ago, although it was then 18 years old. This was because of contention for leadership, lack of mutual trust, and protracted factional struggle within the party's leadership. Under such circumstances, the Comintern did consider disbanding the Yugoslav Communist Party after the abolition of the Polish Communist Party. Tito was then working with the Balkan Bureau of the Comintern in Moscow. He was deeply

worried about the party's fate and the Comintern's intention. At the crucial moment when the party's fate hung in the balance, Tito volunteered to undertake the task of reinvigorating the Yugoslav Communist Party. With the approval and full support of Dimitrov, then general secretary of the Comintern Executive Committee, Tito resolutely left Moscow in late 1936 and returned to his native country to join the extremely hard and bitter struggle and to undertake the arduous task of reorganizing and consolidating the Yugoslav Communist Party.

Tito had by then grown to be a strong revolutionary and had withstood numerous severe tests in acute class struggle. He had participated in the battle of the October Revolution; in Yugoslavia he joined, organized, and led numerous strikes, and spent six years in prison. At the enemy's court he righteously declared: "I will not hesitate to sacrifice my life for the pursuit of my ideal." It was his firm faith in the victorious revolutionary cause and his wholehearted loyalty to the party's cause that inspired Tito to plunge himself into the struggle to transform the party.

In consolidating the party, Tito always adhered to the principle of political and economic independence of the party. He believed that only a united party that always maintains the closest links with the working class and the broad masses of people can accomplish its historical mission; and only a party leading organization that is firmly rooted in its own country and stands on its own feet can have inexhaustible vitality and command an invincible position. Tito first reinstalled in Yugoslavia the party Central Committee which had operated in exile in Moscow, Vienna, and Paris for six years. After that he started to consolidate party organizations, and united with a number of comrades who cherished the same ideals as his, including Kardelj and (piaget) [pi ya jie 4122 7161 0267], who later became noted party and state leaders. Tito resolutely fought against cliques within the party, weeded out all kinds of dissidents who had infiltrated the party, and thus purified its ranks. Finally he managed to build up a new leading body and was elected general secretary. Party organizations were then set up throughout the country and a strong fighting force united around the new party Central Committee as its core began to take shape. The ranks of the party expanded as party membership increased from 6,000 at that time to 12,000 on the eve of World War II, during which 9,000 party members sacrificed their lives. The measures adopted by Tito provided a secure guarantee for the healthy growth of the Yugoslav Communist Party and helped to make organizational and ideological preparations for the war for national liberation that was launched later. The Yugoslav revolution thus took a turn for the better.

Another important measure of far-reaching significance that Tito implemented in party rectification was the party's decision to refuse any more subsidies from the Comintern and to raise funds itself to finance party activities. Before that the leaders of the Yugoslav Communist Party abroad received monthly salaries from the Comintern, and the party's operation at home was financed mainly by subsidies from the Comintern. Tito realized that this was detrimental to the party's independence, so he made up his mind to change the status quo. Later developments showed that it was this self-reliant spirit that had supported the Yugoslav people in overcoming numerous unimaginable difficulties, whether in the difficult years during the war against aggression

or in face of the all-round economic embargo during the initial postwar period. In the past 50 years, the LCY has carried forward this fine tradition although circumstances have changed. For example, the LCY's daily operational expenses, including the operational costs of the party journal KOMUNIST, are paid with party membership dues; all the operational expenses of the organs of district party committees are funded by party membership dues collected from party members of the specific districts; and the number of full-time staff working with district party committees is kept as small as possible, generally composed of a dozen members including ordinary clerks, so that party operational expenses can be saved.

Taking the Lead in Launching Armed Uprising

During World War II, while the Hitler regime was devastating Europe and the fate of the Yugoslav nation hung in the balance, the Yugoslav people of all nationalities, under the leadership of the Yugoslav Communist Party headed by Tito, took the lead in launching an armed uprising that shocked the Balkan Peninsula. The Yugoslav Communist Party eliminated external interference, persisted in integrating the struggle for national liberation with overthrowing the old regime and establishing the new regime, and bolstered the people's armed forces. At the same time, the party shifted its focus of struggle from urban areas to rural areas, established a broad people's front including all patriotic democratic personages, and set up the first radio broadcasting station to transmit the people's voice for liberty in then-enslaved Europe. Since then the Yugoslav people, under the Yugoslav Communist Party's leadership, carried out a four year surging struggle against fascist aggression, striving for liberation and independence.

During wartime, the Yugoslav people defeated the 600,000-strong German and Italian invaders and puppet troops with their own force. But, they also paid a very high price for the victory. A total of 1.7 million people of this country, which had a population of just over 16 million at the time, lost their lives in the war. At the critical moment, the courage and heroic spirit of Tito, a proletarian revolutionary who dared to struggle against the brutal enemy and never wavered in the face of danger, inspired the Yugoslav people to win victory. Therefore, it was not surprising that even Hitler's secret police head Himmler admitted that Tito "had such a great determination and strong will that he never surrendered even though he was always besieged."

The Yugoslav people's victory in the war against aggression made an indelible contribution to the just struggle of the people of the world against fascist aggression.

Today, numerous monuments and museums throughout Yugoslavia serve as historical evidence of the brave struggle of the Yugoslav people of all nationalities and as vivid educational materials in the revolutionary tradition among young, people.

Exploring the Road to Socialist Construction

1948 was a year of great significance to the fate of the Yugoslav party and people. The Yugoslav people badly needed aid to reconstruct the country, which was seriously destroyed by the war, and they also needed support for the consolidation of the newborn people's political power. However, in order to retain its hard-won independence, Yugoslavia, a small country with a territory of merely 250,000 square kilometers, had to withstand heavy political and military pressure that was almost unbearable. In the face of such a severe test, the Yugoslav Communist Party Central Committee headed by Tito made a resolute decision--to safeguard the state's sovereignty and national independence, Yugoslavia was determined to withstand the pressure and external intervention and to take its own road, a road of socialist autonomy, a road of socialist construction based on the country's own resources which would give full play to the initiative and original spirit of the broad masses of laboring people. In the past three decades, following this road the Yugoslav people promptly healed the wounds of war and has taken action to ensure constant economic development and to turn an underdeveloped and poor Yugoslavia into a country with moderately developed industry and agriculture. The country has thus set an example for other socialist countries in opening up the road to building socialism with national characteristics.

Today, taking the course begun by Tito, the Yugoslav people are continuing to explore the approach to further improvement of the socialist autonomous system despite various difficulties. At the meeting of the LCY Central Committee to approve the "Plan for activities to mark the 50th anniversary of Tito's leadership over the Yugoslav Communist Party," Radisa Gacic, secretary of the Presidium of the LCY Central Committee, emphasized: To follow Tito's road and to be loyal to his cause, the LCY should show no hesitation in taking action "when reality and practice call for a change in a certain principle" and should fear no difficulty, just as when Tito was alive. Gacic urged the 2 million LCY members to follow Tito's example: "The greater the difficulties, the more bravely and unswervingly they should remove all obstacles in their way."

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CSO: 4005/743

SUN WEIBEN REPORT ON DAXINGANLING FIRE

OWO71206 Beijing XINHUA Domestic Service in Chinese 1611 GMT 6 Jun 87

[Text] Beijing, 6 Jun (XINHUA)--During the State Council plenary meeting today, Sun Weiben, chief commander of the Headquarters of the Daxinganling Fire Fighting Front, and secretary of the Heilongjiang Provincial CPC Committee, made a report on putting out the big forest fire in Daxinganling. Excerpts of his report follow:

The big forest fire in Daxinganling broke out on 6 May 1987; it was completely extinguished on 2 June. A thorough check conducted by the fire fighting headquarters showed that all areas ravaged by fires have done an acceptable job in clearing the sites. We have now achieved a complete victory in extinguishing the extraordinarily large fire.

1. The Fire and the Calamity

Because of smoking outdoors and improper use of cutting and irrigation equipment in violation of operating regulations, fires broke out on 6 May in Hewan and Gulian lumberyards under the Xilinji Forestry Bureau. Another fire (its cause has yet to be determined) also broke out on the same day in a wooded area belonging to the Pangu Forestry Company under the Tahe Forestry Bureau; but those fires were basically stamped out during the day and at night. However, because of the wind blowing west at a force of grade 8 or stronger late afternoon on 7 May, the fires rekindled and spread rapidly, pushing eastward at high speed. Ordinarily, a fire spreads out between 1 or 2 km over a 24-hour period; but because of strong winds during the night of 7 May, the fires built up a strong heat current and a high pressure. In less than 5 hours (from 1800 to 2300), the fire in Gulian, Mohe County, pushed 100 km eastward; and no railways, highways, or rivers could stop it, not even a 500-meter wide fire break. Thus, one after another, the fire incinerated the Xilinji, Tuqiang, and Amur Forestry Bureaus and seven lumberyards and four and a half timber yards belonging to them. The fire in Pangu in Tahe County was also extraordinarily fierce during the same night. Within 3 hours and 45 minutes, it pushed northeastward a distance of over 60 km, burning down the Panzhong and Malin lumberyards. Although the wind weakened on 8 May, two conflagrations—one covered 300,000 hectares and another covered 200,000 hectares—had already broken out in western

Mohe County and eastern Tahe County. Because of heavy losses and casualties, as well as interruption of communication and traffic, the local authorities were unable to control the fires and they continued to spread in all directions. By 13 May, 14 long and medium fire fronts with a total length of 31 km had developed in the west; and 231 fire spots and 15 long--with the longest one reaching 20 km--and medium fire fronts with a total length of over 60 km had developed in the east. After strenuous efforts to put them out, the fires in the east and the west were basically under control on 19 and 25 May, respectively. On 26 May, all of the visible fires in the east and the west were extinguished. In the east, the inspection of how the fire sites were cleared according to set standards was completed at 1800 on 29 May. In the west, the inspection was completed by 1800 on 31 May. Despite two strong winds--grade five or stronger--on 28 and 29 May, and temperatures of 30 degrees centigrade or higher on 30 and 31 May during the inspection, no problems were discovered. After 31 May, a fire caused by burning ashes [bao wa 2128 3907] that a locomotive had dropped on some turf broke out at a place 9 km between Xiufeng and Tahe--a location outside the fire zones, and Tahe was threatened with another fire. After 2 days of efforts to extinguish the fire, it was put out early in the morning of 2 June. From the afternoon of 2 June to the morning of 3 June, rain fell on all fire zones, and army men and people alike worked in the rain to clear up the fire sites to make sure that all undetected fires or vestiges of fires were put out. Complete victory was finally won. While stamping out the fires, three fire breaks, with a total length of 891 km, were built. The big forest fires have incurred enormous losses to the state and to the people's lives and property.

2. Leadership Over Fire Fighting and Relief Work

The fight to extinguish the extraordinarily big forest fire proceeded under the kind attention and direct leadership of the party Central Committee, the State Council, and the Central Military Commission.

On 10 May, the State Council approved the establishment of the Tahe Front Fire Fighting and Relief Work Headquarters. On 12 May, Vice Premier Li Peng and Secretary General Chen Junsheng inspected the fire sites and decided to reinforce the fire fighting forces by 20,000 additional troops. On 16 May, Vice Premier Li Peng issued this instruction: "Do not let the fire expand; do not let it spread east, south, or west; and pay attention to extinguishing fire vestiges." An executive meeting of the State Council and a third meeting of its Leading Group for Fire Fighting and relief work were held to study the operation of extinguishing the fire in Daxinganling and providing relief services. Vice Premier Li Peng and Secretary General Chen Junsheng inquired about the fire situation each and everyday. When the situation of the fire changed on 25 May, Vice Premier Tian Jiyun and Secretary General Chen Junsheng inspected the fire sites and set forth plans for resuming production and rebuilding homes after the fire. President Li Xiannian, the State Council, and the Central Military Commission all sent messages to encourage us to win complete victory in battling the fire.

In connection with the actual situation at the fire sites, the fire fighting headquarters firmly carried out the central authorities' decisions and plans, and meticulously organized various campaigns, which were carried out after they were approved by leading comrades of the State Council. Throughout the struggle against the fire, we firmly followed the general principle of protecting the people's lives and property and did everything we could to minimize the losses of forestry resources. Before 13 May, when the conflagration was spreading in all directions unchecked and when it was only some 20 km from Tahe, seriously threatening the lives and property of over 50,000 people in the county seat, we regarded the defense of Tahe a death-defying battle. After 13 May, when Tahe and lives and property of the people there were safe, and when the fire fighting strength was greatly reinforced, we regarded it our first priority to do everything we could to minimize the losses of forestry resources. Taking the initiative to combat the fire, we divided our forces to stamp out the visible fires in various fire zones in an effort to control them from spreading and reduce the losses of forestry resources.

While the fire raged, over 58,000 soldiers and people directly took part in battling it. Among them were over 34,000 troops; some 2,100 forest rangers, fire prevention policemen, and professional fire fighters; and nearly 20,000 militia reservists, forestry workers, and other people. Those who participated in fighting the fire came from various sectors and services. There were ground troops as well as Air Force personnel, and they had multiple ways to fight the fires. We organized a command system composed of local officials, military personnel, and personnel of the Ministry of Forestry. To achieve more effective results in battling the fire, leading members of all the relevant departments went to the forefront to provide guidance. Meanwhile, in accordance with the fire fighters' competence, we designed a three-in-one fire fighting method by assigning forest rangers and professional fire fighters to combat and extinguish the major fires and dangerous fires, and by assigning PLA troops, workers, and masses to clear the fire sites, stamp out fire vestiges, and build fire breaks. Each and every contingent was supported by a considerable number of loggers who served as guides, giving advice and providing technical guidance. Because of their good and modern equipment, rich experience, and strong fighting strength, forest rangers and professional fire fighters proved themselves as effective shock forces in fire fighting. Because of their strong sense of organization and discipline, youthfulness, vitality, bravery, and ardor, the PLA acted as the main force in the fight. Forestry workers are familiar with local terrain and climate, and they are experienced in fire fighting; and since the fire had everything to do with their personal interests, they were basic fire fighting forces.

"Integrating offense with defense, with emphasis given to offense" was our strategy for battling the fire. When the fire weakened, we immediately took the initiative to stamp it out or check its spreading. When the fire became too strong to control, or when it approached the designated line of defense, we skillfully took advantage of the wind direction and terrain. To block the fire from spreading and to protect a larger area by sacrificing

a small area, we would confront the fire by starting another fire, thus attacking the fire with a fire. When the fire front was too long and too fierce to control, or when an area was densely afforested, we cut the front into several sections, banked the smaller fires, then retreated to build a fire break to check the fire from spreading.

There should be sufficient logistical support to sustain the combat capability of the frontline fire-fighting forces. Thanks to timely supply of materials, tens of thousands of fire-fighting servicemen and tens of thousands of fire victims had enough to eat and to wear. This demonstrates the superiority of the socialist system, as well as the powerful mobility and organizing ability of the party and the government at a crucial time. The quantity of materials, complexity of organization, scope of areas involved, and urgency in fighting the fire have never been encountered before. The State Council promptly solicited pneumatic fire extinguishers and other supplies from related provinces, municipalities, and autonomous regions, and the Air Force, making several round trip flights from Lintong, rushed to transport pneumatic fire extinguishers to the scenes. In order to provide fire-fighting vehicles, Heilongjiang Province mobilized, within 30 hours, more than 200 cars which were directly driven to Daxinganling. Railway departments dispatched special trains to deliver, ahead of schedule, time troops and materials needed for fighting the fire.

By 3 June, over 90,000 fire victims had been relocated, 25,000 assured of housing, enough to eat and wear, proper schooling and medical care, including maternity and infant care.

Heilongjiang Province, the PLA, and Daxinganling Prefecture sent a total of 16 medical teams with 177 medical doctors and 43 immunization personnel to set up 9 field hospitals in Gulian, Xilinji, Amur, Tuqiang, Yuying, Walagan, Pangu, Xiufeng, and Tahe, and rear hospitals in Jagdaqi, Qiqihar, and Daqing. The hospitals provided medical treatment to 13,700 fire fighters, including 134 in-patients, and 13,500 fire victims, including 221 in-patients, and delivered 34 babies.

During the forest fire, vigorous support came from provinces, autonomous regions, and municipalities, including Beijing, Tianjin, Shanghai, Nei Monggol, Jilin, Liaoning, Jianoxi, Ningxia, Guangdong, Shaanxi, Qinghai, Yunnan, Guizhou, and Anhui.

Funds donated by the Red Cross Societies of the FRG, the United States, Japan, Sweden, Norway, Britain, Finland, France, and Italy to fire victims amounted to 334,900 renminbi. Aid from the UN Food and Agriculture Organization totaled \$300,000, and a donation from the Disaster Relief Commissioner's Office was \$85,000. Materials donated by some foreign countries have already reached the disaster area.

The energetic support and assistance from the party Central Committee, the State Council, and the people across the country to the fire-fighting frontline and fire victims have greatly inspired the confidence of the

large numbers of servicemen and civilians in Daxinganling Prefecture in extinguishing forest fires, rehabilitating production, and rebuilding their houses.

3. Some Thoughts in the Aftermath of the Disaster and Preliminary Experience and Lessons Drawn

The extraordinary forest fire in Daxinganling indeed occurred under special weather conditions. Since 1985, there has been a serious drought in northern Daxinganling, with the precipitation at least 3 percent less than the average of previous years. In the 18 months between November 1985 and April 1987, saturating rain fell only once in Mohe and Amur, while the temperature was higher than the previous years, with the average annual temperature 0.7 degrees centigrade higher than the average of previous years, and 1.1 degrees centigrade higher than the average of the same period of previous years in the case of Mohe, which is located in a high temperature zone. The content of moisture in flammable materials on the earth's surface and strata had reached a minimum point, thus forming a clear high-temperature, dry, low-temperature [as received] center. In the Mohe area, the number of days with risk of a fire at least 3 and above was 6 in 1985, 15 in 1986, and 18 in the first 4 months or so of this year before the fire. Such a climate had provided ample conditions for the occurrence and spread of the fire. However, dryness, less rain, high and low temperatures, and a high risk of a fire alone would not have caused the disaster, had there not been sparks. The forest fire has exposed many shortcomings in our work and given us bitter lessons to learn.

a. Leaders failed to maintain vigilance and properly perform their duty, and they assumed a bureaucratic attitude.

The absence of a major fire for many years fostered a blind optimism among leaders and weakened the masses' sense of the risk of a fire, thus slackening the vigilance for fire prevention and failing to strictly control the source of sparks. Since spring this year, the State Council and Heilongjiang Province made various arrangements, pointing out the high risk of fire under current weather conditions and calling for an earnest job against fire. Daxinganling was called to attention for its strategic position and weak fire prevention work. However, as leaders took no heed of the arrangements, fires occurred on several occasions. The fire at the Gulian Forestry Farm under the Xilinji Forestry Bureau on 6 May was basically brought under control on the afternoon of 7 May; however, due to failure to do a thorough job to put out the embers, the fire rekindled that evening and caused a disaster. Because leaders did not understand the importance of fire prevention, the fire prevention infrastructure in forested areas was not adequate, and fire prevention measures in the "Forestry Laws" had not been enforced. The Daxinganling Forest Zone is poorly equipped for fire prevention, as it is twice the size of the Ichun Forest Zone in forested acreage but has only 31 observatory towers and 301 pneumatic fire extinguishers, respectively slightly less than one-third and one-third of those in Ichun. Only a

small area of Daxinganling is covered by the few observatory towers, and there are very few paths in the vast stretch of forest, currently only 1.1 meters per hectare (as compared to 2 meters in the Ichun Forest Zone and over 5 meters in the case of forest zones in advanced countries). Moreover, fire shelter belts are scarce. Of the total 25,000 km fire shelter belts in Heilongjiang, only 900 km are in Daxinganling. Consequently, once a fire breaks out somewhere, it spreads rapidly, while people and vehicles cannot find a way to get there. All of this has contributed to one major reason for the difficult task to put out the fire.

b. Enterprise management was poor and discipline was lax.

During Vice Premier Tian Jiyun's inspection of the fire in Daxinganling, he pointed out: "The crux of the matter lies in the management of enterprises, quality of ranks, and failure to strictly enforce rules and regulations." Of the six hot spots that led to the extraordinary forest fire and three fire accidents that occurred outside the perimeter of the forest fire during the time, all were caused by human errors, except for one that is still under investigation. They included two by sparks from cutting and irrigation equipment, four by smoking and cooking in the field, one by a retarded person, and one from burning ashes dropped from a train. These causes reflect the chaotic management of the forest zone, which failed to enforce rules and regulations, close the mountains and examine permits to enter the mountains during the fire prevention curfew, and duly handle accidents. As a result, fires broke out frequently. The chaotic management is seen most prominently from the lax supervision of the mobile population. According to statistics, there are 19,000 inhabitants allowed to move freely in the forest zone. Among them, 33 have been found to be convicts or swindlers of various types. They were employed by the forestry farms as temporary or seasonal lumber workers without prior examination because they worked hard, were willing to take low pay, and had personal connections. Before they entered the mountains, they were not taught fire prevention and operational rules and regulations, and some were even left without supervision at work. After they entered the mountains, they cooked out or smoked wherever they wished, and did not observe operational rules and regulations, leaving many hidden perils in the forest zone. Among the five arrested for the forest fire, four were found to be unemployed who sneaked into from other localities in March this year. It is necessary to analyze in depth those problems that have surfaced in the forest fire. They reflect not only the poor quality of workers and staff but also shortcomings on the part of leaders. In the future construction of Daxinganling, it is necessary to concentrate efforts on intensifying the management, reinforcing discipline, and improving the quality of workers and staff.

c. "Firewood town" is a grave hidden peril of the forest zone.

There are too many flammable materials in the forest zone's rural towns--not only are there houses made of plywood and clay but also wooden fences and piles of firewood are seen everywhere. According to a survey, an

average household has stored 30 cubic meters of firewood for use as fuel in several years. In Daxinganling Prefecture, 600,000 cubic meters of timber are burnt annually. Such an outrageous waste of resources can bring trouble to rural towns in the future. Therefore, it is necessary to make determined efforts to rectify the practice and substitute coal for firewood.

d. The management system has not been straightened out yet.

It has been many years since the lack of coordination in Daxinganling's management system was reported. The forest fire has again brought to light many defects in the management, which combines government administration with enterprise functions. The forest zone, which is located in Nei Monggol, is under Heilongjiang in administration and under the Forestry Ministry in resource utilization. Such an arrangement has created many conflicts, including various departments shifting responsibility to each other. Take, for instance, forest fire prevention: The fire prevention office is under the Heilongjiang Government, while fire-fighting teams are subordinated to the forest police, and the Aerial Forest Protection Bureau to the Forestry Ministry. Once a fire breaks out, it is very difficult to establish a unified fire-fighting command and coordinate the combat work. It is necessary to organize all relevant departments to study and discuss problems that surfaced in the forest fire and, in accordance with the principles of making reforms and streamlining administration and delegating powers to lower levels, straighten out the management system of the Daxinganling Forest Zone.

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CSO: 4005/742

BEIJING TV AIRS STATE COUNCIL PLENARY MEETING

OW061949 [Editorial Report] Beijing Television Service in Mandarin at 1035 GMT on 6 June, in a "Special News Feature" program, carries a 45 minute video report on a State Council plenary meeting held on the morning of 6 June to discuss the investigation of the 6 May to 2 June forest fire in Daxinganling and the dismissal of Forestry Minister Yang Zhong from his post. According to an unidentified announcer, the meeting was presided over by acting Premier Wan Li, and attended by leading comrades Yao Yilin, Tian Jiyun, Gu Mu, Ji Pengfei, Zhang Jingfu, Song Ping, Bo Yibo, and Hao Jianxiu, as well as officials from over 100 State Council departments.

The video begins with pan shots of a large conference room and about 200 participants. Then it cuts to closeup shots of Wan Li with Yao Yilin to his left, medium shots of Tian Jiyun, Ji Pengfei, Gu Mu, Zhang Jingfu, Song Ping, and Hao Jianxiu, and closeup shots of Bo Yibo making some remarks, which cannot be heard, and gesturing with his fist. Later shots show Bo sitting to Wan's right. This is followed by two lengthy oral briefings--a 14-minute one by Sun Weiben, director general of the fire-fighting command headquarters and secretary of the Heilongjiang Provincial Party Committee, and a 10-minute one by Liu Jingsong, commander of the Shenyang Military Region--reviewing the causes of the fire, its spread, the extent of damage to state forestry resources, casualties, and army and civilian efforts to extinguish the fire. In addition, Sun admits in his briefing bureaucratism and other shortcomings on the part of local party and government leaders, and pledges to draw lessons from the accident, while Liu in his briefing hails the servicemen's heroism and self-sacrifice in combatting the fire.

While the briefings are being given, the video occasionally shows medium and closeup shots of Yang Zhong listening attentively and taking notes as most other participants are doing. In contrast to Bo Yibo, who is seen constantly taking notes, Yao Yilin is seen in some medium and closeup shots sitting with his left hand holding his chin.

After the briefings, the video shows Tian Jiyun making a 12-minute speech (which, after comparison, is found to be identical to the XINHUA Domestic Service in Chinese version filed as OW061707 and adds).

As Tian Jiyun assesses the damage done by the fire, saying: "It will take several decades to reafforest the land burnt by the fire," Wan Li interrupts: "About half a century?"

Bo Yibo interjects: "Wow, several decades!"

Tian Jiyun responds: "Some have even said a century."

Bo Yibo: "We don't know."

Wan Li: "Have you been there yet?"

Bo Yibo: "I've already been there."

Wan Li, patting Bo Yibo's arm: "So it's going to take a half century."

Tian Jiyun continues with his speech, noting Yang Zhong's failure to make self-criticism and says: "It was only after the central leading comrades' repeated criticisms that he expressed his attitude for self-examination."

Bo Yibo: "Didn't he make any self-criticism?"

Tian Jiyun: "On the day when you..."

Wan Li interrupts, patting Bo Yibo's arm: "The day when your instruction was transmitted to him."

Bo Yibo: "What's the use in just expressing his attitude for a self-criticism?"

Tian Jiyun: "He did not make a formal self-criticism."

Bo Yibo: "Even if he made a self-criticism, he should not be forgiven. He should take the blame and tender his resignation. He did not submit his resignation."

Tian Jiyun: "He did, and has been relieved from his post."

Tian Jiyun continues his speech reviewing accidents since the beginning of this year such as explosions at factories, a collision of ferryboats, and forest fires, and points out that "some of the accidents were caused by serious negligence of duty."

Wan Li interrupts: "Has this been rectified yet? Recently an overloaded ferryboat in..."

Tian Jiyun interrupts: "In Nantong."

Wan Li: "In Nantong caused several hundred deaths. This problem was caused by poor management. I remember in the past year or so, several boats sank because of poor management."

Tian Jiyun: "How many factories exploded this year?"

Wan Li: "How many factories? Why did the communications and the defense ministries call meetings? Because there were problems of responsibility in each ministry."

After Tian Jiyun concludes his speech, Wan Li invites participants' discussions of the handling of the accident. Then the video shows Chen Junsheng, secretary general of the State Council, reading portions of the draft of a State Council decision on the accident. Wan Li then solicits the approval of the participants who endorse the decision, which is followed by applause. According to the announcer, Forestry Minister Yang Zhong, seen standing up, also endorsed the decision.

In his summing-up speech, Wan Li is seen saying: "We have called this plenary meeting to handle a major problem, the forest fire in Daxinganling, which has aroused worldwide attention." According to the announcer, Wan Li spoke on the fight against bureaucratism at the meeting. "He pointed out," the announcer says, "the meeting today is one to combat bureaucracy. The extraordinary forest fire in Daxinganling has caused grave losses to the state and the people's lives, and some of the losses cannot be calculated in terms of money. Restoration of Daxinganling's ecology is going to take at least several decades. The accident has fully exposed the serious bureaucratic attitude on the part of the principal responsible persons of the Forestry Ministry.

"As the CPC is the ruling party, overcoming bureaucracy in government at various levels is also a question concerning rectification of party style. After the founding of the country, Chairman Mao repeatedly admonished all to guard against bureaucratism because it runs counter to the party's goal of serving the people wholeheartedly. A party member who serves the people half-heartedly rather than wholeheartedly is committing bureaucratism, and the more serious the bureaucratic attitude is, the graver the losses he incurs. Therefore, governments and functionaries at all levels must foster the idea of serving the people wholeheartedly, not half-heartedly, still less to abuse power to seek selfish interests.

"To ensure that our cadres at all levels are free from bureaucratism and corruption, and not divorced from the masses, it is necessary to uphold the principle of democratic centralism and exercise strict supervision over them. It is necessary to use the weapon of criticism and self-criticism in solving problems that can crop up at any time. It is necessary to sternly punish cadres who have made mistakes, and to prohibit them from shielding each other."

Wan Li is followed by Bo Yibo, vice chairman of the Central Advisory Commission, who delivers an "important" speech at the meeting. According to the announcer, he said: "The Daxinganling accident occurred 3 1/2 years after we started party rectification. This shows that the problem is

rather serious. New and old cadres should both pay attention to bureaucratism, which has had a long history. New cadres should pay special attention to overcoming this problem and should not just hold the office without performing service for the people. They must assume an earnest responsible attitude toward their work. Our aim in inviting comrades of the departments concerned to this meeting is to raise a cry of warning: Let's guard against and correct bureaucratism, do not allow similar incidents to recur."

Report concludes with a pan shot of the meeting.

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CSO: 4005/742

JIEFANGJUN BAO COMPARES 'SEPARATION OF POWERS,' NPC SYSTEM

HK091242 Beijing JIEFANGJUN BAO in Chinese 21 May 87 p 3

[Article by Xiang Xinli (0686 0500 1800): "Why China Cannot Imitate the Principle of Separation of the Legislative, Executive, and Judicial Powers of Government"]

[Text] The principle of "separation of powers" was systematically proposed by French Enlightenment thinker Montesquieu in the mid-18th century in a book entitled "On the Spirit of the Laws." He proposed the separation of legislative, administrative, and judicial powers to control one another. Not long after he propounded his theory, it was stipulated as an important principle in the U.S. Constitution of 1787, the first bourgeois constitution.

The doctrine of "separation of powers" once played a progressive role in the early struggle of the bourgeoisie against feudal and autocratic rule. However, after the bourgeoisie gains control of state powers, implementation of the principle of "separation of powers" has mainly two functions:

First, to coordinate the internal contradictions and safeguard the overall interests of the bourgeoisie. As an entity, the bourgeoisie have common basic interests in dealing with the ruled class. Nevertheless, capitalist private ownership of the means of production also determines that all the strata, cliques, and factions of the capitalist class have different interests and demands and often intrigue against each other and engage in internal strife. In order to avoid the phenomena in which all the interest groups lose in struggles or the emergence of a dictatorship affecting the interests of the bourgeoisie as a whole, they do something about the organizational pattern of political power and distribution of state power and use the pattern of "separation of powers" to institutionalize and legalize the mutually restrictive relationship among the different interest groups of all the political parties. We should see that the principle and pattern of "separation of powers" is not a cure-all. On the contrary, as they often make a state fail to centralize its powers, a great part of its powers are pinned down and offset. Just as Comrade Deng Xiaoping analyzed, this is exactly "the weak point rather than the strong point" of capitalist countries.

Second, to deceive the working class and laboring people and consolidate the rule of the bourgeoisie. Although it seems very democratic that capitalist countries boast that "sovereignty is in the hands of the people" and enforce

the principle of "separation of powers," it is, in fact, only an organizational pattern of state powers that cannot determine the class nature of states. The state system determines the class nature of a state. The state system of capitalist countries is the bourgeois dictatorship, and its nature is to safeguard the interests of the bourgeoisie and exploit and oppress the proletariat and laboring people. In spite of changes in the organizational pattern of state powers of capitalist countries, this nature will never change. Marx and Engels once pointed out that the "separation of powers" is only a division of labor utilized by the bourgeoisie to better rule the proletariat. Lenin also once said that compared with the feudal system, the democratic system of the bourgeoisie has changed the enslavement pattern of economy and worked out an extremely pretty decoration for this kind of enslavement and that it did not and will not change the nature of this enslavement.

As China is a socialist country in which the working people are the masters, we employ the system of the National People's Congress rather than the system of "separation of powers." Some people regard the separate organizational setup of the state organs in China as a kind of separation of state powers. This is a misunderstanding of China's constitution. The separate organizational setup of the state organs is for the convenience of management of and division of responsibility for state affairs and does not mean the separation of state powers. Our country's constitution stipulates that "the National People's Congress is the supreme state organ of the People's Republic of China." This clearly defines the supreme status of the NPC over the state organs, which should neither run parallel to nor surpass it. The NPC and its Standing Committee can not only enact laws and make decisions but also produce "all the administrative, judicial, and procuratorial organs of the state" "which should be responsible to and accept the supervision of the National People's Congress." This kind of relationship between the NPC and the other state organs in organization and work has fully embodied Marx's principle of "letting the state power organs centrally exercise the power of discussion and execution" as well as the centralism of state powers. Therefore, it is groundless to hold that China is also employing the "system of separation of powers."

Because of the nature of the socialist system, China has adopted a system of highly centralized state powers rather than "separation of powers." Based on socialist public ownership of the means of production, socialist production relations determine that the fundamental interests of the people are identical and constitute common ideals and strengths on this basis of identical fundamental interests. In terms of the class nature of our country, as the constitution stipulates that China is a socialist country of the people's democratic dictatorship based upon the worker-peasant alliance and led by the working class, all the powers should belong to the people. Since the people are the masters of the country, supreme state power should naturally be centralized in the people's representative organ, the NPC. The state's administrative and judicial organs must also be established by the NPC and should be responsible to and accept its supervision. Nevertheless, this kind of supervision is fundamentally different from the "separation of powers" and the mutual restrictions among state organs in capitalist countries. Unlike the capitalist countries' readjustment of the relations among different

interest groups, it enables the people to better exercise their own power and enables the power, administrative, and judicial organs at all levels to better serve the people. Thus, we can see that the NPC system not only organizationally and institutionally embodies the socialist nature of the people as masters of the country, but also ensures the concentration of state powers and avoids the dispersion of national strength resulting from "separation of powers." This is an important characteristic that makes us different from and superior to the capitalist system.

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CSO: 4005/746

CEI ON FOREIGN CAPITAL ENTERPRISES IN SHANGHAI

OW031047 Beijing XINHUA in English 0541 GMT 3 Jun 87

[Text] Shanghai Branch of Bank of China Gives Priority to Foreign-Capital Enterprises

Shanghai (CEI)--The Shanghai branch of the Bank of China has recently made public regulations giving priority in loans to enterprises with foreign capital that produce export products or those with advanced technology.

Of the government-approved 250 enterprises with foreign capital, 27 percent belong to these two categories. The criterion for applying loans is that the enterprise must put in capital covering its full shares. However, loans can also be granted provided that capital input is done in stages according to plan.

The regulations stipulate that the repayment of loans on fixed assets should be done prior to the payment of dividends. But if the enterprise is making conspicuous profits and debt repayment can be assured, it can pay dividends in a ratio agreed by the bank.

The bank will also extend short-term loans to foreign-capital enterprises in the Minhang and Hongqiao economic development zones for production and circulation uses. It is learned that these two zones have already drawn foreign investment totalling 200 million U.S. dollars

The regulations provide that enterprises in these two categories with good credibility and profit can obtain short term loans without guarantee or mortgage.

If, at the time of application, the Shanghai Bank is short of funds and the enterprise can produce proof that repayment is assured, then the Shanghai Bank can help acquire capital from the international financial market on the applicant's behalf.

A Shanghai branch official said the bank has given 876 million yuan and 147 million U.S. dollars in loans to 47 foreign-capital enterprises. In the first 4 months of this year, the bank extended 146 million yuan in loans as circulation funds to foreign-capital enterprises.

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CSO: 4020/210

AGRICULTURAL DEVELOPMENT BANK ESTABLISHED

HK160754 Beijing CHINA DAILY in English 16 May 87 p 2

[Text] The Agricultural Bank of China plans to set up an international agricultural development bank in co-operation with foreign banks, according to a bank official.

The new bank, based in Xiamen, will not only serve agriculture in China, but also offer loans to other developing countries, the official said.

The Agricultural Bank has recently been given approval to raise commercial loans abroad, totalling \$15 million, to be used for revamping rural enterprises.

The introduction of foreign commercial loans began 2 years ago, the official said. Early in 1985, the bank received a commercial loan of 5 million Swiss francs from a group formed by banks from Finland, Sweden, Norway, and Denmark. The loan was later used by Hebei Province to import three milk-packaging lines.

In recent years the Agricultural Bank has also introduced more funds from other international financial institutions. In 1984, the bank obtained a loan of \$25 million from the International Fund for Agricultural Development of the United Nations.

Meanwhile, the World Bank has decided to provide China with a loan worth \$170 million this year to help the country boost agriculture in the six provinces of Yunnan, Guizhou, Sichuan, Henan, Anhui, and Hubei.

This will be the third loan the bank has offered China since late 1984. The previous two loans--valued at \$50 million and \$90 million, respectively--were given to promote agriculture and processing industries in Guangxi, Fujian, and other regions.

An official from the Agricultural Bank told XINHUA yesterday that the World Bank has promised to increase the annual loan based on a systematic overall investigation and assessment of the agricultural development of the country.

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CSO: 4020/210

PAPER SAYS TOWNSHIPS OPEN FINANCIAL OFFICES

OW101208 Beijing XINHUA in English 0653 GMT 10 Jun 87

[Text] Beijing, 10 Jun (XINHUA)--China now has 168,000 financial offices in 80 percent of the country's 72,000 townships, today's "ECONOMIC DAILY" reported.

According to the report, "the founding of these new financial offices has encouraged township governments to develop the local commodity economy, raise the standard of living, and better organize financial resources."

Townships in Jiangsu Province, which were among the first to open financial offices, worked with a budget of 2.835 billion yuan (766 million U.S. dollars) in 1986, an increase of 10.3 percent over 1985, and 4.9 percent higher than the provincial rate.

Township financial offices in Henan Province recovered 130 million yuan (35 million U.S. dollars) of agricultural support funds last year, and uncovered some cases of economic crime.

"At present, the Chinese countryside pays agricultural and animal husbandry taxes of nearly 5 billion yuan (1.4 billion U.S. dollars) and 1 billion yuan (270 million U.S. dollars) is spent on treasure bonds annually," the report explained.

A commentary with the article said, "If localities nationwide make good use of the township finance system, recover outstanding funds and cut expenditures the state financial balance will be guaranteed."

China now has a complete central, provincial, county, and township finance network.

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CSO: 4020/210

CEI REPORTS JANUARY-MARCH FINANCIAL STATISTICS

OW180630 Beijing XINHUA in English 0539 GMT 18 May 87

["Financial Statistics for January-March 1987"--XINHUA headline]

[Text] Beijing (CEI)--Following are the financial statistics for the first quarter of 1987 released by the People's Bank of China:

State Credit and Loan Receipts and Payments

Unit: 100 million yuan

<u>Item</u>	<u>Sum at the End of 1987 First Quarter</u>
Various bank deposits	5,568.44
Enterprise deposits	2,660.99
Deposits from government financial departments	373.74
Deposits from government offices and mass organizations	396.12
Urban savings deposits	1,651.27
Rural deposits	486.32
Debts to international financial organizations	124.00
Currency in circulation	1,142.64
Bank-owned funds	940.02
Others	351.39
Total sum of funds from all sources	8,126.49
Various loans	7,445.11
Loans to industrial enterprises	1,665.65
Loans to industrial supply and marketing enterprises, and to material supply departments	453.87
Commercial loans	2,867.72
Loans to construction firms	383.20

[Continued on following page]

<u>Item</u>	<u>Sum at the End of 1987 First Quarter</u>
Fixed asset loans	1,011.25
Loans to urban collective, private industrial and commercial businesses	442.41
Agricultural loans	621.01
Funds kept for gold	12.04
Funds kept foreign exchange	92.53
Assets in international financial organizations	145.83
Loans to government financial departments	375.05
Other expenditures	55.93
Total sum of funds spent	8,126.49

Deposits Accepted and Loans Extended by Rural Credit Cooperatives
Unit: 100 million yuan

<u>Item</u>	<u>Sum at the end of 1987 First Quarter</u>
Total sum of various deposits	1,037.32
Deposits of collective agricultural units	70.60
Deposits of rural enterprises	80.64
Savings desposits of rural households	866.06
Other deposits	20.02
Total sum of various loans	754.99
Loans to collective agricultural units	54.74
Loans to rural enterprises	328.79
Loans to rural households	371.46

Exchange Rates, Gold and Foreign Exchange Reserves and Foreign Debts

<u>Item</u>	<u>1987</u>		
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Exchange rates:			
One special drawing right against RMB yuan (terminal figure)	4.7180	4.7054	4.7853

[Continued on following page]

<u>Item</u>	<u>Jan</u>	<u>1987</u> <u>Feb</u>	<u>Mar</u>
One U.S. dollar against RMB yuan (terminal figure)	3.7221	3.7221	3.7221
One U.S. dollar against RMB yuan (average figure)	3.7221	3.7221	3.7221
Gold reserves (10,000 ounces)	1.267	1.267	1.267
Total foreign exchange reserves (100 million U.S. dollars)	98.94	102.03	108.01
Of this: state foreign exchange reserves	20.90	22.25	24.86
Reserves of Bank of China	78.04	79.78	83.15
State-borrowed foreign loans (100 million U.S. dollars)	75.69	77.99	78.40

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CSO: 4020/210

BRIEFS

COMMUNICATIONS BANK TO ISSUE SHARES--Shanghai (CEI)--Shanghai's recently-reopened Communication Bank, originally based in Beijing, will begin selling shares domestically to raise capital. "Government offices at different levels, state and collective enterprises, and individuals can buy the shares," a bank official announced, "but those shares held by individuals cannot exceed 10 percent of the bank's total capital." The bank has established cooperative relations with the Bank of Tokyo and the Industrial Bank of Japan, and hopes to establish more links with foreign financial institutions and open more branches overseas. [Text] [Beijing XINHUA in English 0601 GMT 18 May 87] /9599

NEW SHENYANG SECURITIES COMPANY--Shenyang, (CEI)--The Shenhe Securities Co., China's first such company to handle diversified bills and securities business was set up in Shenyang recently. In contrast to other Chinese securities companies, which only handle one type of business, including receiving bills, discount and rediscount, interbank borrowing and lending, selling and transferring stocks for enterprises, issuing bonds and stocks for banks, and providing money market information. [Text] [Beijing XINHUA in English 0603 GMT 18 May 87] /9599

CSO: 4020/210

INTERIM RULES FOR MINING REGISTRATION

OW230342 Beijing XINHUA Domestic Service in Chinese 0602 GMT 14 May 87

[Text] Beijing, 14 May (XINHUA)--Provisional Administrative Measures for Registration of Mining Operations by Mining Enterprises Owned by the Whole People

(Promulgated by the State Council on 29 April 1987)

Article 1. These measures have been formulated in accordance with the relevant provisions of "The Mineral Resources Law of the People's Republic of China" to strengthen the administration of mineral resources exploitation by mining enterprises owned by the whole people and to protect their legitimate mining rights against infringement.

Article 2. Mining enterprises owned by the whole people engaged in exploiting mineral resources (briefly referred to as mining enterprises, including units owned by the whole people with mines in their possession; the same applies below) must complete mining registration procedures in order to acquire mining rights.

Those without mining rights are not allowed to engage in mining.

Article 3. Departments in charge of the work of geology and mineral resources under the State Council and under various provincial, regional, and municipal people's governments are administrative organs with which mining enterprises shall register in order to carry out their mining operations.

For mining enterprises established with the approval of the State Council or the competent departments concerned of the State Council and for inter-provincial, regional, and municipal mining enterprises, the State Council's department in charge of the work of geology and mineral resources shall handle the registration of mining operations and issue mining licenses.

For mining enterprises established with the approval of provincial, regional, and municipal people's governments, the departments in charge of the work of geology and mineral resources under the provincial, regional, and municipal people's governments shall handle the registration for mining operations and issue mining licenses.

Article 4. Units wishing to set up mining enterprises shall submit the following documents to the administrative organs handling the registration before forwarding their statements of work plans to the competent departments concerned:

1. An official document issued by a mineral reserve-verifying organization approving the related mineral and geological prospecting report;
2. A feasibility study report on the mining project (if there are paragenetic or associated minerals of industrial value, the feasibility study report shall have a special section dealing with the utilization of such minerals) and the pertinent competent department's statement of opinion on the examination of the report.

Article 5. Administrative organs handling the registration shall reexamine the feasibility study reports and add their comments in accordance with the following requirements:

1. The scale of mining operations shall be commensurate with the enterprise's mining capacity and with the period of time during which mining of the mineral reserves can be continued;
2. With regard to the paragenetic and associated minerals that are of industrial value, the principles of comprehensive exploitation and recovery and multi-purpose utilization shall be complied with. Necessary protective measures shall be taken for those resources that cannot be utilized right now.
3. The scope of the mining area shall be clearly defined, and the relationships with others in the neighborhood concerning rights and interests shall be properly handled.

Article 6. Administrative organs handling the registration shall, prior to the approval of the statements of work plans, submit reports stating their opinions to the competent departments concerned with a copy to the units forwarding the statements of work plans.

Article 7. Units wishing to set up mining enterprises shall, on the basis of the approved documents, fill out registration forms for mining application and obtain mining licenses from the administrative organs handling the registration.

Article 8. Mining enterprises under construction or already producing shall make after-the-fact registration of their mining operations. Prior to this registration, the competent departments concerned in coordination with the local people's governments shall approve or define the scope of their mining areas.

Article 9. Approval of the scope of the mining area of a mining enterprise shall be based on the following:

1. The scope of the mining area at the time of official take-over by the organ of the people's political power;
2. The scope of the mining area in the state-approved overall design, preliminary design, or renovation and expansion designs.

Article 10. The following shall be the basis for defining the scope of the mining area of a mining enterprise:

1. The principle of respecting history and taking care of the present situation.
2. The mining enterprise's present productive capacity, the period of time during which mining can be continued, the approved development plan, the natural boundary of mineral deposits, and the reasonable exploitation of resources.

Article 11. When approving and defining the scope of the mining area, the following provisions shall be complied with in dealing with those units that had begun mining within the mining area of the mining enterprise before "The Mineral Resources Law of the People's Republic of China" was promulgated:

1. If the unit affects the normal production and safe operations of the mining enterprise, it shall be shut down or moved. This matter shall be handled properly by the local people's government in coordination with the departments concerned.
2. If it is agreed through consultation that such mining can be continued, joint operations may be carried out with the approval of the competent department of the mining enterprise and under the overall planning of the mining enterprise, or the unit concerned may be allowed to exploit odd mineral deposits on the fringe of the mining area. In the latter case, a demarcation line shall be drawn up.

Article 12. When making after-the-fact registration, mining enterprises under construction or already producing shall submit the following materials to the administrative organ handling the registration:

1. A statement of opinion signed by the competent department concerned and the local people's government concerning the approval or defining of the scope of the mining area;
2. A map showing the mining area, including the spots that have caved in due to mining, marked with coordinates;
3. Information relative to the exploitation and utilization of the mineral resources.

Article 13. After examining the materials submitted by the mining enterprise making after-the-fact registration, the administrative organ handling the registration shall issue it a license.

Article 14. With the mining license and the related materials, the mining enterprise shall approach the industrial and commercial administrative department for registration, obtain or renew its construction permit or business license in accordance with the relevant provision on registration of industrial and commercial enterprises.

Article 15. The pertinent competent department together with the provincial administrative organ for registration shall specifically mark the boundary of the mining area of the mining enterprise that has obtained the mining license. They shall also make a map of the mining area and send a written request to the county-level people's government of the locality where the mining enterprise is located to have the information about the mining area publicly announced. The pertinent competent department and the local people's government shall be responsible for erecting boundary markets or setting up other signs on the ground.

Article 16. Applications for mining operations in those mining areas that fall within the state plan or are of significant value to the national economy and applications for exploiting special mineral resources under state protection shall be approved by the competent departments concerned under the State Council.

Article 17. Administrative organs for registration at all levels shall set up their respective registration files.

Article 18. All mining licenses and all registration forms for mining application shall be printed by the department in charge of the work of geology and mineral resources under the State Council. No other units or individuals are allowed to print or forge them.

Article 19. Except for departments concerned and administrative organs for registration stipulated in "The Mineral Resources Law of the People's Republic of China," no units or individuals are allowed to confiscate or revoke a mining license. Departments concerned and administrative organs for registration should inform industrial and commercial administrative departments before confiscating or revoking a mining license.

Article 20. The period of validity of a mining license should be based on the individual mining area's designed service years as approved by the state. License holders should apply for extension of validity to the concerned administrative organ for registration 3 months before the license expires.

Article 21. In any one of the following cases, mining enterprises should apply for a new mining license to the administrative organ for registration after approval is obtained from departments concerned:

1. Mining or mine area is changed;
2. Mining category or method is changed;
3. Enterprise name is changed.

Article 22. Article 15 of these rules is applicable to mining enterprises that have changed their mining areas and completed required re-registration procedures.

Article 23. A fee should be paid according to relevant regulations when registering for mining rights and applying for a mining license. The regulations on fee payment will be established jointly by the Geological and Mineral Resources Department of the State Council and financial departments concerned.

Article 24. The legal mining rights of mining enterprises that have obtained a license will be protected by the state. Those who illegally mine in others' areas; or who loot, steal, or rob a mining enterprise's minerals or other property; or who sabotage a mining enterprise's facility or disrupt its production operations will be handled according to relevant stipulations in "The Mineral Resources Law of the People's Republic of China." They may also be fined not more than 50 percent of their illegal gains.

Article 25. Those who willfully damage or illegally move the boundary or other ground markers of a mining enterprise's mining area will be ordered to restore them within a specified period of time by the local government or a responsible department with the authorization of the local government. They will also be fined not more than 3,000 yuan.

Article 26. Anyone who prints without authorization, or forges mining licenses, all have the printed or forged documents and illegal income confiscated by the administrative organs handling the registration, and he shall be fined a sum of up to 10,000 yuan. If the case is serious and constitutes a crime, the criminal responsibilities shall be investigated.

Article 27. When a mining enterprise violates any one of the following, administrative organs handling the registration shall, in accordance with the situation, serve it warning, or impose on it a fine, or notify the bank to stop appropriating or lending it money, or revoke its mining license;

1. When it starts operating without registration;
2. When a mining enterprise--which may still be under construction, or is already engaged in production--fails to register without a legitimate reason over the period of 1 year after the promulgation of these measures;

3. When it violates the rules in Articles 20 and 21, and fails to renew or extend its registration;

4. When it ceases to construct or produce without a legitimate reason 2 years after acquiring a mining license.

Article 28. If the party concerned disagrees with the disciplinary sanction, it may, within 15 days after receiving the penalty notice, contest it in the people's court. If it neither contests it nor pays the fine but turns in the illegal income within that period, the organ meting out the penalty shall request the people's court to enforce the penalty.

Article 29. Registration of mining enterprises set up with Chinese and foreign capital or by Sino-foreign cooperation shall be handled by the relevant unit of the Chinese side at administrative organs handling registration in accordance with these relevant measures.

Article 30. Departments under the State Council in charge of petroleum industry and nuclear industry shall be responsible for registering and licensing the mining of oil, natural gas, and radioactive minerals; and they shall report those that have been registered and licensed to departments under the State Council in charge of geological and mining affairs for the record.

Article 31. Departments under the State Council in charge of geological and mining affairs shall be responsible for interpreting these measures.

Article 32. People's governments of all provinces, autonomous regions, and municipalities directly under the central government, as well as the relevant departments under the State Council, may work out specific measures for implementation in accordance with these measures.

Article 33. These measures become effective upon promulgation.

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CSO: 4020/210

NEI MONGGOL COAL MINES TO BECOME PRODUCTION BASE

OW141200 Beijing XINHUA in English 1135 GMT 14 Jun 87

[Text] Hohhot, 14 Jun (XINHUA)--China is building 22 big coal mines in the Inner Mongolia Autonomous Region, which is expected to become the country's second largest coal production base by the end of this century.

In addition to upgrading and expanding the existing mines, efforts are concentrated on building the Yiminhe, Huolinhe, Yuanbaoshan, Jungar, Dongsheng, and other big opencut mines.

Listed as key state construction projects for the 7th 5-Year Plan period (1986-90), the Jungar mine has a verified reserve of 25.9 billion tons and the Dongzheng mine has a reserve of 95.2 billion tons.

The three opencut coal mines of Yiminhe, Huolinhe, and Yuanbaoshan are expected to have a production capacity of 20 million tons annually by the end of the 7th 5-Year Plan period.

The Inner Mongolia Autonomous Region is expected to produce 63 million tons of coal annually by 1990.

By the end of this century the large mines in the region are expected to produce over 150 million tons annually, next only to Shanxi Province.

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CSO: 4020/210

BRIEFS

MORE IRON ORE DEPOSITS DISCOVERED--Beijing, 8 Jun (XINHUA)--Additional iron ore deposits of 1 billion tons have been verified near Beijing, China's Ministry of Geology and Mineral Resources announced today. The deposits cover about 1,000 square kilometers north of the city, and connect with the east Hebei iron mine. The ore has been identified as precambrian iron ore, the type which makes up 65 percent of the world's total iron ore deposits and is also one of Chinese major mine ores. According to the ministry, these deposits will not be mined until the city's water supply can be adequately protected. [Text] [Beijing XINHUA in English 0102 GMT 8 Jun 87] /9599

NEW MINERAL FOUND--Beijing, 12 Jun (XINHUA)--Researchers from the Chinese Academy of Geological Sciences recently found a new mineral in Nanping, Fujian Province, the academy told XINHUA today. The mineral was given the name "Nanpingite" after the name of the location. Nanpingite occurs with quartz, montebtasite, and other minerals belonging to the mica category. The Commission of New Minerals and New Mineral Names of the International Mineralogical Association has confirmed nanpingite as a new mineral. Experts say that Chinese geologists have discovered more than 30 new minerals since 1980. [Text] [Beijing XINHUA in English 1455 GMT 12 Jun 87 OW] /9599

CSO: 4020/210

DEVELOPMENT OF TERTIARY INDUSTRIES ANALYZED

HK020558 Beijing RENMIN RIBAO in Chinese 24 May 87 pp 1, 2

[Article by RENMIN RIBAO reporters Lin Xi (2651 2530) and Ji Yin (1323 7299): "A Vast Economic Arena: What Was Seen, Heard, and Learned During a Visit to Enterprises in Inland Provinces"]

[Text] Sichuan once left two profound impressions on people: First, the land of abundance, and second, the way to Sichuan is as difficult as climbing to heaven. In Sichuan today, how to make the arduously built tertiary enterprises better serve national economic construction is a matter of common concern. We came to Sichuan, the heart of China's tertiary enterprises, when the weather was cold one minute and hot the next. It was overcast and rainy in the southwest and there was a chill in the air. Nevertheless, the successes achieved by the tertiary enterprises in shifting the focus of their work were like a warm current rushing through us.

A Place With a Galaxy of Talent Seldom Known to the Outside

The construction of tertiary enterprises was a major strategic change in China's productive forces which started in the 1960s. Concerted efforts were made by the vast third line areas of the state including Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, western Henan, western Hubei, and western Hunan to build a base at the rear. This was a significant contribution to the modernization of our army and an enhancement to national defense. Meanwhile, it also transformed irrational industrial distribution left over from old China and promoted the all-round development of the inland economy. The position China has gained in the world today is inseparable from the achievements of third line construction. Nonetheless, the immense productive forces that have taken shape from third line construction have seldom been known to the outside.

--Since the founding of the PRC the state has invested around 200 billion yuan in third line construction and the fixed assets are valued at around 140 billion yuan;

--A total of 29,000 state enterprises have been built with 16 million staff and workers, accounting for one-third of the nation's total, respectively;

--An integrated industrial system based on heavy industry and composed of nuclear energy, metallurgy, space technology, aviation, ship-building, electronics, chemicals and machinery has taken shape;

--The third line areas have a large contingent of scientific research workers. The engineers and technicians of military enterprises alone total 160,000, accounting for 15 percent of the total number of workers; this proportion outstrips that of localities and trades in other parts of the country;

--In building communications, seven lines including the Sichuan-Guizhou, Chengdu-Kunming, Ginyang-Kunming, Hunan-Guizhou, Xiangfan-Chongqing, Jiaozuo-Zhicheng, and Yangxin-Anyang railways have been completed with a total mileage of 5,000 kms.

The wind of reform and opening up blew across the divine land and the mountain ranges in the southwest which unveiled the secret of the enterprise clusters closed to the outside in the past. After surveys conducted at tertiary enterprises (military enterprises in particular), many experts from China and abroad said with amazement: "This is indeed a place with a galaxy of talent."

Debate on Burden and Wealth

How should we look upon third line construction? There are two diametrically opposed views: Some people say that tertiary enterprises constitute a burden; while others regard the immense productive force taken shape from the third line as wealth. Is it a burden or wealth? How should we cast it off if it is a burden and how should we utilize and exploit it if it is wealth?

With these questions in mind, we had an interview with Zhou Changqing, deputy head of the State Council's third line office in Chengdu. Actually, the purpose of third line construction was to prepare for eventualities in resisting foreign aggression. Viewed historically, the measures taken at that time were correct. Viewed from the rational distribution of the country's productive forces and the long-term development of the national economy, the measures are also necessary. In the course of construction, however, there were many mistakes in the guiding ideology due to overanxiousness for quick results and to the interference of "leftist" deviations. The mistakes were mainly manifested in the following: a lack of overall planning and balance and an irrational investment structure; a scattered distribution of enterprises; and some enterprises and scientific research units were set up deep in the mountains where they lacked support from cities and the conditions including production, supply, marketing, and external cooperation necessary for carrying out modern industrial production. Since a number of enterprises were set up separately in remote mountain areas, each enterprise became a secluded, small society. Consequently, production costs went up and the workers lived in straitened circumstances. Due to the inappropriate selection of construction sites, the state and localities had to consume huge funds and material resources every year in order to maintain these enterprises. These were the

"outstanding achievements" of Lin Biao and his like during the great cultural revolution. The problem now is to increase readjustments and transformations, make strenuous efforts to improve enterprise management mechanisms and their operational environments, and to try by every means to invigorate enterprises. By doing this we can create immense material wealth for the state. In this sense, the third line industry constitutes wealth rather than a burden.

Zhou Changqing said: "If tertiary industry is regarded as a burden, it is because it contains extremely valuable wealth." Obviously, he had every reason to say this because the state spent huge amounts of funds to build up such large-scale third line construction. Many of the facilities here are advanced and unique compared with other parts of the country. Many outstanding Chinese specialists, engineers, technicians, and millions upon millions of workers are gathered here. It is essentially like a "gold deposit" lying hidden and undeveloped in the interior of the motherland. The facts are most convincing. We were grateful to see people making fruitful efforts to fully utilize the role of tertiary enterprises.

At the foot of the picturesque Emei mountain, we visited China's largest high-flux engineering test pile built by the First Designing Institute under the Ministry of Nuclear Industry. It was a comprehensive base for engineering research, design, experiments, and operations for China's reactor. Under the grim situation of condensed tasks for its military products and a reduction in the scientific research outlay, the institute started to apply nuclear technology to industrial and agricultural production and to the people's livelihood. Vice President Wang of the institute said humorously: "This is our second pioneering work." Now the institute has basically completed the design of small nuclear power stations for Hainan and Xizang and has planned to transfer nuclear technology to all fields of the national economy. In recent years, the first research center of this institute has gradually increased the quantity and variety and improved the quality of its isotope products. The products of this research center which include cobalt for medical, industrial, agricultural, scientific, and technological purposes, tin-indium generators, and carbon-14 markers are marketed to over 20 provinces and municipalities. Glazed sand, (a decorative coating for building purposes which won the international Eureka award) developed by the fourth research center of the institute by applying nuclear fuel sintering technology, has become a mainstay civilian product. The volume of transactions in the 1985 National Scientific and Technological Achievements Fair totaled 14.95 million yuan. The institute earned 930,000 yuan by transferring this technology to 35 state enterprises throughout the country.

There are numerous enterprises in Chongqing, Chengdu, and other areas like the first designing institute under the Ministry of Nuclear Industry which manufacture products for civilian use. The trend of "army-people integration" of the third line war enterprises is now on the ascendant. Naturally, the potential is not fully tapped if we match the achievements with the technological advantages of tertiary enterprises.

"Invite the Tiger Down the Mountain," "Add Wings to the Tiger"

Viewed from the trend of economic development, material, financial, and human resources can increase and be consolidated only through operations. Otherwise, they will shrink. For this reason, fully utilizing the role of tertiary enterprises is an extremely important matter, as well as a pressing task. In the early 1980s, the CPC Central Committee, State Council, and Central Military Commission had already placed the readjustment and transformation of tertiary enterprises on the agenda and made efforts to enhance economic ties between the interior (third line) and the coastal areas (first line). People vividly depicted these measures as "inviting the tiger down the mountain" and "adding wings to the tiger."

In November 1986 the State Council's third line office held a symposium in Chengdu on fully utilizing the role of third line enterprises. Some 200 experts and scholars attended the symposium and put forward many good proposals. According to the symposium, although the "sequels" of third line construction is serious, it is not an incurable disease. As long as they undergo readjustments and transformations, there are bright prospects for them.

Doing a good job in readjusting the distribution of enterprises is an essential link in tapping the potential of tertiary enterprises. Those enterprises and institutions which were set up deep in the mountains and irrationally distributed and which cannot even support themselves, should be readjusted, closed down, suspended from production, merged with other enterprises, switched to the manufacture of other products, or moved to other areas. The principle for readjustment should be: The enterprises that are to be closed down and suspended from production should not be moved; those that can be merged with other enterprises should not be moved; those that are to be moved should select nearby areas rather than distant ones; and those that can be moved to small- and medium-size cities should not surge toward large cities. In addition, the removal should be combined with technical transformation because the rational distribution of an enterprise is the prerequisite for its normal operation. Generally speaking, factories should be distributed near communications lines. Highly-technological enterprises and scientific research units, in particular, should be set up in areas that have developed communications and that have quick access to information. The state has already worked out a plan for the distribution and readjustment of 121 key enterprises during the Seventh 5-Year Plan. Nonetheless, a slight move in this regard may affect the situation as a whole and there are still difficulties and obstructions. Only by resolving practical problems in a down-to-earth manner can we carry out the readjustment smoothly. To put it in a nutshell, the policies and principles are already formulated. The top priority task is to implement them in earnest rather than shout slogans.

With the development of a socialist commodity economy, tertiary enterprises can exist and develop only by readjusting their product mix to meet market demands. It has been reported that the productive forces in third line military enterprises account for 50 percent of the nation's military enterprises. In the national economy and military production they constitute a force not

to be ignored. Fully utilizing the role of tertiary enterprises, to a great extent, means fully utilizing the role of military enterprises. And the only way out is to take the road of combining the efforts of the army and people. It is necessary to strengthen macroeconomic guidance in this regard. While developing military production for civilian use it is necessary to work out overall plans, combine the efforts of higher and lower levels, and simultaneously develop large, small-, and medium-size projects. Production should be focused on developing high-tech, major, precise, sophisticated, and new products and on better serving foreign trade and exports, revitalizing the local economy, the people's livelihood, and technical transformation and key construction projects of the national economy. While working out macroeconomic policy decisions it is necessary to make the most of the military industry. Products that can be manufactured with the assistance of military enterprises should not be developed elsewhere on too large a scale. Products that can be manufactured with the joint efforts of military and local industrial enterprises should not be duplicated. And products that can be developed by military enterprises should not be imported. Chongqing is one of the bases of China's arms industry. In light of the principle of combining the efforts of the army and people, with the stress on the latter, a number of military enterprises in Chongqing have organized production, set up two leading bodies for military and civilian products respectively with the factory director and chief engineer in charge to arrange production, and taken all factors into account and made overall arrangements for the use of technical personnel and equipment. Thanks to the efforts made to transform enterprises and perfect the civilian goods production line, the marketable goods for civilian use, such as trucks, cars, railway cars, bicycles, motorcycles, coal, and extracting oil equipment are now in mass production. In 1986 the proportion of civilian products manufactured by Chongqing's military enterprises accounted for 63 percent of total output value.

To strengthen economic cooperation between the interior and coastal areas is an important measure to fully utilize the role of tertiary enterprises. Doing a good job in this regard is the same as inviting the tiger down the mountain and adding wings to the tiger. At a forum on the expansion of exports by coastal and third line areas we discovered that there are bright prospects for this type of cooperation. A representative from Guangdong said that high-powered microscopes sell well on the international market, while a representative from Shanghai said that heavy-duty bulldozers are in short supply in the market at home and abroad. A representative from Henan said that these two products can be manufactured in large quantities by enterprises in western Henan. It seemed that direct conversation between the first and third lines was a good method. Facts have evidently proved that integration between the first and third lines is advantageous to developing their strong points to offset their weaknesses, promoting the development of the coastal economy and exploiting the inland economy, and further improving China's economic structure and regional distribution.

It should be noted that the current readjustment and transformation of tertiary enterprises are still minor efforts made in within the limits of the existing

system. To make powerful tertiary enterprises truly serve the national economy and realize strategic changes in science and technology it is necessary to put an end to the situation in which the army is separated from the people and to carry out a thorough reform of the structure. The key to this matter lies in the state readjusting tertiary enterprises in a unified manner and resolutely taking the road of combining the efforts of the army and people, with the stress on the latter. In the course of readjustments, it is necessary to offer some preferential policies so that tertiary enterprises can have it to recuperate and build up their strength, develop production, make proper arrangements for workers' livelihoods, and eventually reduce production costs. This is a radical measure and a wide move. Only by doing this can we fully tap the latent potential of tertiary enterprises. We firmly believe that many vivid and grand plays will be performed on the vast economic stage of the third line base for China's modernization program.

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CSO: 4006/726

ENTERPRISES' ECONOMIC RESULTS SHOW WIDE VARIANCE

OW311051 Beijing XINHUA Domestic Service in Chinese 0531 GMT 29 May 87

[By reporter Xu Kehong]

[Excerpts] Beijing, 29 May (XINHUA)--Among the industrial enterprises in our country, which have achieved good economic results and which are the ones with poor economic results? A recently published communique on the results of a lateral survey of the main economic and technical indexes posted by industrial and transport enterprises during the first quarter of this year has provided data for answering this question.

In the survey, the State Economic Commission and the State Statistics Bureau made lateral comparison of 18 different indexes for 14 major industries, mostly concerning material consumption. Although we have no way of knowing clearly the real situation without these comparisons, we are really astonished to see the wide differences revealed by the comparisons. Take the coal-extraction efficiency of collieries whose products are distributed under the unified state plan as an example. The difference between the two extremes was surprisingly great. The coal output per man-hour for the three top-ranking ones--the Jincheng, Luan, and Yanzhou coal mines--was 35.03, 25.19, and 17.55 metric tons respectively. All these far exceeded the nation's average of 5.45 metric tons of coal per man-hour. The three lowest-ranking coal mines--Luoshi, Yinggangling, and Yongrong--only produced 1.33, 1.98, and 1.99 metric tons of coal per man-hour respectively. The difference between the highest and lowest figures was as much as 33.04 metric tons! [figures as received]

Among power plants in the various localities, those in Beijing registered the lowest coal consumption calculated in terms of standard coal. They consumed only 334 grams of standard coal for generating each kWh of electricity. The power plants in Guangxi and Yunnan consumed 201 grams more than those in Beijing, and their consumption was twice as much as the nation's average.

Textile, dyeing, and printing enterprises in Tianjin registered the lowest figures for alkali consumption in dyeing and printing cloth. They used only 1.22 kilograms of alkali for dyeing each 100 meters of cloth. In Zhejiang, Guangdong, and Yunnan, the quantities of alkali used for the same purpose were 3.04, 2.64, and 2.42 kilograms respectively--all above the nation's average of 1.82 kilograms.

Economic circles hold that despite the different specific conditions existing in various localities and enterprises, the above-mentioned wide gaps indicate that great potential remains to be tapped in China's industrial enterprises for reducing consumption and raising economic results.

It is reported that the State Economic Commission and the State Statistics Bureau have made joint arrangements to conduct lateral comparisons of major technical and economic indexes registered by various industrial and transport enterprises with a view to promoting the campaign to increase production and practice economy and to increase revenues and retrench expenditures, while focusing on raising economic results.

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CSO: 4006/726

RURAL INDUSTRY PROMISED CONTINUED SUPPORT

HK030236 Beijing CHINA DAILY in English 3 Jun 87 p 1

[Article by staff reporter Chen Guanfeng]

[Text] China's rural industry will continue to receive government support for new development in the next decade, a leading official said yesterday.

The central government is pinning its hope of providing jobs for a projected 200 million surplus rural labourers on the development of rural enterprises in the next 13 years, and the Bureau of Rural Enterprise Administration under the Ministry of Agriculture, Animal Husbandry, and Fishery has plans to raise the annual output value of rural industry to 1,500 billion yuan by the year 2000 from about 350 billion yuan last year, Zhang Yi, deputy director of the bureau, told CHINA DAILY.

To facilitate this development, he disclosed, his bureau has already mapped out new plans for reorienting the production of existing rural enterprises, and plans to set up more new ones, mainly in inland areas.

He said the Central Committee of the Chinese Communist Party already has issued three circulars to promote the country's rural industry, and all local governments at the provincial level have worked out new guidelines for its further development.

A rural enterprise law has also been drafted, and is expected to be promulgated later this year.

Two national centres have been set up in Beijing and Suzhou to train directors of county-level rural enterprise administrations.

And banks have pledged to continue loans to these enterprises despite fund shortages, the deputy director said.

"The government pays so much attention to the development of rural industry because it has realized that the country can hardly expect to achieve its modernization targets without it," Zhang said.

Zhang said that its development can increase state revenue, reduce state investment, employ surplus rural labourers, improve rural public facilities, raise farmers' incomes, and enhance social stability in rural areas.

China now has more than 15 million rural enterprises employing more than 79.4 million workers. Rural enterprises refer to factories, shops, restaurants, transport teams, construction firms, and service undertakings operated by townships, villages, and individual farmers.

Last year, these enterprises produced 354 billion yuan worth of output, a growth of nearly 40 percent over their output in 1985. The figure accounted for 19 percent and 48 percent respectively of the country's total social and rural output in the year, and was equal to the country's total output in 1969.

Taxes and profits from these enterprises to the state were 17.6 billion yuan last year, 4 billion yuan more than a year ago.

Since 1985, about 10 million surplus rural labourers have taken jobs in rural enterprises. The total number adds up to more than 79.4 million now, or 20 percent of the country's total rural labour work force.

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CSO: 4020/210

COUNTRY TO SET UP COMMERCIAL ENTERPRISE GROUPS

HK051133 Hong Kong SHIN WAN PAO in Chinese 3 May 87 p 4

[Special dispatch: "China Proposes Reform Idea on Establishing Big Commercial Consortium"]

[Text] According to authoritative sources, the State Commission for Restructuring the Economic System recently proposed a tentative idea on establishing new commercial forms. In light of this tentative idea, the large commercial consortiums, the wholesale network system centered on the four large cities, and the sales network of the productive enterprises will constitute the three main pillars of China's commercial circulation system.

According to this tentative idea, the position, proportion, and role of the three main pillars are different from each other. However, the lateral ties will coordinate their funds, sales, and wholesale so as to form an organic whole. With the main pillars as the framework, the various forms of commercial enterprises scattered throughout the country and the numerous commercial arcades and shops run by the collectives and individuals will constitute China's integral commercial system and present a scene of unimpeded flow of commodities all over the country.

In light of the views of the top level officials of the State Council, the State Commission for Restructuring the Economic System put forward this tentative idea after inspecting the reform experience of Guangzhou's Nanfang Mansion and a number of other state enterprises.

The inspection conducted by the State Commission for Restructuring the Economic System indicated that the establishment of large commercial consortiums centered on the large, key economic cities and based on lateral economic ties is the direction for the reform of the commercial system. A number of commercial consortiums that transcend regions and trades have emerged. Such as the Nanfang Mansion which carried out a diversified economy, offered various services, developed joint stock economy, expanded its business in cooperation with other units, established the "Nanfang Mansion Association of Industry and Commerce" with 147 firms, and planned to develop it into a Nanfang Mansion Joint Stock Company which combines industry with commerce and domestic with foreign capital.

According to reports, the monopoly of state commerce has been smashed. Large industrial enterprise groups have emerged in China. These enterprise groups, which are based on key enterprises and which develop scientific and technological production, business, and sales, have become the new channel for the circulation of commodities in China. Meanwhile, a network of wholesale businesses run by various economic sectors has also taken shape. All this has provided a sound basis for the above-mentioned tentative idea.

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CSO: 4006/755

GUIZHOU NEGOTIATES JOINT ECONOMIC AGREEMENTS

HK050409 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 3 Jun 87

[Text] While making tours of observation and investigation in Jiangsu and Zhejiang provinces and Shanghai Municipality, Zhang Shukui, vice governor of the Guizhou Provincial Government and leader of a Guizhou provincial economic delegation, reached wide-ranging economic cooperative agreements with the fraternal provinces and the municipality.

During the tours, Vice Governor Zhang Shukui exchanged views with leaders of Jiangsu and Zhejiang provinces and Shanghai Municipality and with the relevant provincial and municipal departments on developing horizontal economic combined operations with Guizhou Province. The vice governor also signed a letter of intent with Jiangsu Province on developing combined coal operations. In addition, Guizhou Province will import from Jiangsu technologies and equipment for producing meat products and for processing vegetables, canned food, and leather products.

The Guizhou provincial delegation discussed with Zhejiang Province a plan to develop a joint cigarette processing operation, a plan to jointly establish a flue-cured tobacco production base, [words indistinct], and a plan to jointly develop yellow phosphorus and [words indistinct]. The Guizhou delegation also held talks with Zhejiang on jointly developing pyroligneous plat and importing packaging technology from Zhejiang, and [words indistinct], and on organizing personnel to carry out projects.

During its visit to Shanghai, the Guizhou provincial economic delegation led by Vice Governor Zhang Shukui held talks with relevant Shanghai parties on the Guizhou provincial light industrial unit joining Shanghai's (Xinxing) business conglomerate to work in coordination with the Shanghai (?Feijie) enterprise engaged in producing the (Shang Ta Na) limousine, and also on the spread of Shanghai's medium- and low-grade light industrial products in Guizhou. Prior to this visit, Guizhou Province had already established a total of 28 cooperative projects with Shanghai's various industries including capital construction, light, chemical, and textile industries, and also achieved relatively good economic results in this regard.

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CSO: 4006/755

GUOJI SHANGBAO ON U.S. TRADE PROTECTIONISM

HK121333 Beijing GUOJI SHANGBAO in Chinese 28 Apr 87 p 1

[Article by Chen Shibiao (7115 2514 2871): "U.S. Trade Protectionism and Free Trade"]

[Text] At the opening ceremony of the 100th U.S. Congress, Harry M. Reid, the new speaker of the House of Representatives put it bluntly when announcing: "The pressing matter of the moment for the current Congress is to propose a new overall trade act." As a result, trade protection bills of every description have come out in turn. Both the U.S. Senate and House have successively proposed their own comprehensive trade motions.

The Causes

The U.S. economy reached its peak after World War II, leaving the rest of the capitalist world far behind. However, over the past decade, the science, technology and economy of industrial nations in Western Europe and Japan, and the newly rising industrial nations and regions as well, have made tremendous progress, resulting in a marked decline of the economic status of the United States. Statistics show that between 1965 and 1985, the U.S. proportion of world export volume dropped from 14.6 percent to 10.9 percent. During the same period, the Japanese proportion more than tripled, and that of the newly rising industrial nations and regions rose by 150 percent. Arousing world concern is the fact that U.S. trade deficits are no longer limited to the so-called "sunset industries;" in the area of technological products, also, where the United States once had superiority, excess of imports had emerged. The U.S. Department of Agriculture estimated that the positive balance exports of U.S. farm produce would drop to \$6 billion in 1986, the lowest point since 1972. At present, one third of the U.S. GNP is derived from labor service industries (usually such trades as banking, insurance, transportation, communication, tourism, telecommunications, and technological services.) In recent years, the positive of U.S. balance in labor service exports dropped from \$50 billion in 1983 to 34 billion in 1985. The U.S. negative balance of constant items reached \$139.6 billion, and the trade deficits was as high as \$170 billion in 1986. The huge deficits and economic decline have brought great political and economic pressures on the U.S. Government. Since the Democrats gained the majority in the Congress, they have

launched a new offensive by taking advantage of the weaknesses of the Republicans in power, in pursuit of the presidency in the 1988 presidential election. In view of this, the Reagan Administration has to make active readjustment to its policies, in order to gain the initiative.

Chief Characteristics

1. What are under U.S. protection at present are not tender newly rising industries, but those "sunset industries" running downhill such as the textile, garment, and shoe-making industries; moreover, restrictions on imports of steel, machine tools, automobiles, and electronic products have become markedly strict.
2. The U.S. trade protectionists have always waved the banner of "fair trade," condemning their trade competitors for failure to open the markets, or strictly restricting them on the ground that they have endangered the U.S. market. Such protectionist bills have set trade barriers against non-market economy countries, including China, and enlarged the power and strengthened the practice of anti-dumping and intervening in "unfair trade" in the original trade act.
3. While strengthening imports restrictions, the United States has stressed internal "competition" at home, to improve its own export condition. For this purpose, it has implemented the policy of providing government subsidies to farm produce exports, intervened in the world foreign exchange market, revised the anti-trust act; changed unnecessary measures for export control, which had actually restricted its own competitiveness; and improved the credit condition of U.S. banks in import and export operation.
4. The United States has always advertised its "division of power." A conspicuous point in the disputes over revising trade legislation is precisely the Congress demanding intervention in the administration's international trade affairs. At the same time, the administration has been involved in revising Congress trade legislation, and proposed its own motions.
5. To gain a better chance of having their single bills passed, those who propose them often dish them up in assortment, to win more supporters. For example, the "Jenkins textiles bill" was absurdly linked with the "balance of the budget act," which had no connection whatever with the former; and they were sent to the Congress for a vote which ended in failure. Later, another attempt was made to rigidly include the categories of shoes and copper into the Jenkins Bill.
6. At present, the "fire" of U.S. protectionism aims not only at Western Europe and Japan, which account for 53.7 percent of its trade deficits, but also many developing nation and regions including Taiwan, South Korea, Hong Kong, and the PRC, seriously threatening their exports to the United States.

Its Effects on China

In recent years, the so-called anti-dumping investigations on China's exports have become more and more frequent. Not long ago, U.S. industrial circles complained to the U.S. International Trade Committee against China copying U.S. style and skills in fur garments, and required the administration to adopt action based on Article No 337 of the U.S. "Trade Act." Recently, China's exports of tungsten products have also come under the threat of investigation based on clauses in the U.S. "Trade Act." Worthy of our attention in particular is the fact that the United States has strictly limited China's exports of Textile products and garments, and attempted to extend the varieties in the quotas, to curtail their growth rate. Besides, the United States has also proposed fixing quotas on China's exports of silk and linen-blend garments, to implement unilateral restriction on certain categories and varieties.

The U.S. Congress has recently proposed the new "1987 Textile Products and Garments Trade Act." This act has put on a false appearance of being "free of discrimination against any country and lowering of quota levels, and will provide compensation from reduced U.S. tariffs to those suppliers affected by the quota." Hence, it will do greater harm. This act has met with strong opposition from U.S. industrial and commercial circles as well as intelligent personalities in all circles. President Reagan has regarded it as some "temporary pain killer." U.S. importers and retail businessmen pointed out that if the United States should force implementation of the ideas in this act, it will inevitably aggravate the contradictions between the United States and its trade partners, and be unfavorable to U.S. economic interests.

The U.S. anti-dumping act and the suggestions for its revision under deliberations form a great potential threat to China. The Congress motion contains the ideas of Senator J. Heinz, namely, the commodity price of the market economy countries that are the greatest suppliers to the U.S. market will be taken as the "fair price." When testifying at the U.S. Congress, the recently founded U.S. Fair-trade-to-China Committee refuted all kinds of unfair practices imposed on China, believing that "China has already possessed some production factors regulated by the market, and the United States should take China's own prices as the base."

In short, there is an increasing possibility that the U.S. Congress will pass the comprehensive trade act this year, since the Senate, the House and the administration are considering the possibility of the other parties accepting its motions when proposing them.

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CSO: 4006/755

COOPERATION TALKS WITH GDR HELD IN BEIJING

LD021113 East Berlin ADN International Service in German 0716 GMT 2 May 87

[Text] Beijing, 2 May (ADN)--The GDR-PRC economic commission began its 3d meeting in Beijing today. The delegations are led by the chairmen of the two sections of the commission, the ministers for the chemical industries of the GDR and the PRC, Guenther Wyschofsky and Qin Zhongda.

The first day of discussions centered on a detailed exchange of views about the economic development of the two countries and on the state of and prospects for bilateral economic relations. Both partners paid tribute to the historic significance of the official friendship visit by Erich Honecker to China in October 1986, which introduced a new stage in relations between the two states.

Minister Wyschofsky spoke about the dynamic development of the GDR's national economy and the aims of the 1987 economic plan. Qin Zhongda outlined the results of the latest session of the National People's Congress. They concerned the fulfillment of tasks explained by Premier Zhao Ziyang, acting general secretary of the CCP Central Committee, to the congress: the increasing of production and thrift, the continuation of the economic reform and of the policy of opening up.

Both sides stressed the significance of the agreement signed during the official friendship visit by Erich Honecker last October, for the development of long-term economic and scientific and technological cooperation between the GDR and China as regards the stable expansion of cooperation between ministries and enterprises in the two countries. They spoke in favor of resolutely continuing the cooperation projects now underway and of opening up new areas of cooperation by making use of the many opportunities.

Also today, the 14th session of the GDR-China Standing Commission for Scientific and Technological Cooperation began. Measures were agreed for the further expansion of long-term relations in science and technology, particularly for the development and broad application of the key technologies of microelectronics, new materials, and image technology. Members of the two delegations began negotiations in working groups on deepening cooperation in the chemical, electronics and electrical engineering, machine-building, and textile industries.

LIST OF PROHIBITED IMPORTS INCREASED

HK150517 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English
15 Jun 87 p 1

[Article by Olivia Sin]

[Text] China has beefed up its list of prohibited imports in a further effort to ensure only essential goods and machinery come into the country.

More than 80 types of consumer goods, raw materials and production equipment are now included in China's import control scheme as Beijing attempts to slice US\$2.7 billion off its imports bill this year.

Assembly lines for nonessential consumer items, such as television cathode ray tubes and air-conditioner parts, have been brought into the banned category.

Production equipment for these items and other non-essential items has been in keen demand over the past couple of years.

Trading sources said the expanded import-control list is substantially bigger than last year's, which prohibited about 50 types of import.

Sources said the Ministry of Foreign Economic Relations and Trade (MOFERT) plans to trim imports by eight per cent this year to US\$30 billion, compared with last year's \$32.7 billion.

Exports, however, are to be expanded only marginally this year, to \$27.5 billion from \$27 billion, in view of poor world prices for commodities.

China is placing emphasis on essential software equipment for the power, telecommunications and transportation industries.

Details of the additional products brought into the import-control net were disclosed recently by the official publication INTERNATIONAL BUSINESS.

Early last year, import licences were required for fewer than 10 categories of production equipment. These were assembly lines for the production of television sets refrigerators, washing machines, air-conditioners, motorcycles and mini-buses.

But 23 kinds of production lines are now placed under licence control. Special approval is needed from the central government before they can be purchased.

The latest list covers production lines for the manufacture of TV cathode-ray tubes, compressors for airconditioners, containers for beer and beverages, nylon zippers and buttons, furniture, solar batteries and plastic bags, among others.

The list of Chinese herbs brought under import control has been expanded from 16 varieties to 22.

According to INTERNATIONAL BUSINESS, bulk import of 14 types of products, including steel, pulp, timber, sugar aircraft, rubber, wool and cigarettes, will be subject to import licences issued by the Beijing headquarters of MOFERT.

Licences to import consumerables, assembly lines, Chinese herbs and chemical fibres can be issued either by MOFERT headquarters or provincial foreign-trade bureaus.

Traders said that China's drive to speed up its textile and beverage industries had resulted in a flood of imports of equipment to manufacture accessories such as zippers and beverage containers in the past year.

"That is why, the country is curbing these imports so that money will be used on more sophisticated and advanced equipment" one trader commented.

The traders said China, starved for hard currency, is eager to import production machinery that will help to boost its export earnings.

"For instance, textile machinery which helps to improve the quality of its products, and hence its market value, will be more than welcome," another trader said.

Sources also said China is considering the use of administrative means to trim imports by putting pressure on Chinese enterprises to buy equipment made domestically.

Import substitution was a recurring theme in speeches by top officials, including Premier Zhao Ziyang and the director of the State Planning Commission, Song Ping, at the National People's Congress in March.

A recent official directive said Chinese enterprises should buy Chinese-made production equipment for chemical fertiliser, even though it might be slightly inferior in quality to equipment available overseas.

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CSO: 4006/211

JINGJI RIBAO ON INVESTMENTS ABROAD

HK081418 Beijing JINGJI RIBAO in Chinese 18 May 87 p 4

[Article by Wang Wenxue (3769 2429 1331) of the Foreign Economic Cooperation Bureau of the Ministry of Foreign Economic Relations and Trade: "The Momentum of China's Investment in Setting Up Enterprises Abroad Seems to Increase"—first paragraph is readers' request column introduction]

[Text] Liu Chunsheng of the Light and Chemical Industrial Co. of Changde Prefecture, Hunan Provinces wishes to know the current situation and nature of enterprises set up by our country abroad and their distribution in the world.

From the end of 1979 to the end of December 1986, the number of non-trading cooperatively-managed enterprises (including wholly Chinese-owned enterprises, the same below) set up by China in other countries and the Hong Kong and Macao region amounted to 277 with a total investment of \$477 million, of which Chinese investment totaled \$275 million, constituting 57.6 percent of the total investment. In terms of their trade line and nature, the enterprises can be divided into the following sectors: industrial and agricultural production, businesses combining industry with trade and technology with trade, resource development, transport and communications, consultancy services, financial insurance, contracting companies, medical and health work, hotels, and tourism. The enterprises are scattered in 53 countries and regions throughout the world. Most of them, 71 in all, are concentrated in the Hong Kong and Macao region; 41 are in the United States, 17 in Japan, 13 in West Germany, 12 in Thailand, 9 in Canada, 7 in North Yemen, and 4 in Mauritius.

In 1986, our country set up 90 non-trading cooperatively-managed enterprises (including wholly Chinese-owned enterprises) abroad with a total investment of \$117 million, of which Chinese investment amounted to \$60 million, comprising 51 percent of the total.

In the last 7 years, the economic results of most cooperatively-managed enterprises China set up abroad have been quite satisfactory. To sum up, they have the following characteristics:

1. Cooperation in deep-sea fishing has been gradually expanding and previous achievements consolidated.

By the first half of last year, since China dispatched its first oceangoing fishing fleet comprising of 13 vessels to the West African waters in March 1985, our country had dispatched 33 fishing vessels to carry out distant-water fishing separately in the waters of Senegal, Sierra Leone, Guinea-Bissau, Gabon, Mauritius, Iran, and Alaska of the United States, thus initially opening up a new situation in distant-water fishing. Last year's fish catch amounted to 40,000 tons or more, of which over 7,000 tons were sold in domestic markets. This enabled the country to achieve a balance in foreign exchange receipts and payments with a little surplus.

2. The number of cooperatively-managed enterprises scoring good economic results is constantly increasing.

From the end of 1979 to the end of June 1986, of the 157 non-trading cooperatively-managed enterprises (excluding those in the Hong Kong and Macao region) approved by our country, 106 already opened business and 43 of them were profit-making, constituting 41.3 percent of the total enterprises in operation. The number of enterprises that managed to achieve a balance in revenue and expenditure totaled 50 or amounting to 48 percent, and that of enterprises that produced relatively poor economic results or operated in the red, 11, making up 11 percent of the total. Our country has sent more than 1,400 managerial personnel, technicians, and workers. 1) Tangible economic results have been scored in the transport and communications sector. In the last few years our country has successively set up 13 cooperatively-managed transport and communications enterprises abroad with a total investment of some \$2 million. The profits and wage income received by the Chinese side have reached more than \$4 million. 2) Cooperatively-managed contracting engineering companies are helpful to undertaking more contracted projects abroad and providing more labor services to other countries. China has set up 15 cooperatively-managed contracting engineering companies abroad, sent 316 administrative and managerial personnel, and earned more than \$1.3 million in wage income. 3) The consultancy service enterprises and enterprises combining industry, technology, and trade have yielded fairly good comprehensive results. Most of the 28 cooperatively-managed enterprises of this type our country set up abroad are located in developed countries. They have played a good role in importing advanced technology and equipment for the state, transforming the existing old enterprises at home, developing new products, promoting export trade, training technical personnel, and in learning scientific managerial expertise. 4) Our country has set up industrial and agricultural processing productive enterprises in developing countries, thus expanding the export of our own equipment, materials, and technology to these countries. Since the preparation period of the construction of productive enterprises is in general rather long, their economic results at the early stage of construction are not tangible enough, but from the viewpoint of the course of their development, the economic situation in this aspect is getting better and better. 5) There has been a good beginning in the cooperation in and development of forest and mineral resources. Over the last few years, our country's related companies have conducted investigations in 20 countries and regions or more and got initial results in discussing the cooperation in and development of forest and mineral resources. 6) The joint-venture enterprises

our country set up in the United States require small amounts of investment but promise quick results. In the past year alone, our country set up 16 joint-venture enterprises (including wholly Chinese-owned enterprises) with a total investment of about \$28 million. Most of these enterprises have opened business and produced relatively tangible economic results.

Our practice has shown that setting up cooperatively-managed enterprises abroad plays a positive role in promoting the economic and technological development of our country and the countries where such enterprises are located and in accumulating construction funds.

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CSO: 4006/745

FUJIAN GOVERNOR URGES MORE OPENING TO OUTSIDE

OW161144 Beijing XINHUA in English 0752 GMT 16 May 87

[Text] Fuzhou, May 16 (XINHUA)--Fujian provincial Governor Hu Ping has pledged to open this coastal province wider to the rest of the world and strive to expand its export-oriented economy.

In his government work report to the ongoing session of the provincial people's congress he said provincial authorities will do everything possible to expand Fujian's exports.

The province has already been granted special rights to receive foreign investment. Xiamen in Fujian is one of China's four special economic zones, where foreign investors enjoy preferential tax rates. The provincial capital of Fuzhou is one of 14 open coastal cities with greater authority over foreign investment and trade. The Minnan triangle in southern Fujian is also open to foreign investment.

The province will concentrate on the construction of its major export-oriented centers producing aquatic products, shoes, canned food, machinery, minerals, textiles, clothing, tea, jewelry, forest products, pharmaceuticals and chemicals.

"We're encouraging Chinese and foreign firms to invest in these centers by giving them preferential terms," he told the session.

The governor urged Xiamen, Fuzhou and the Minnan triangle to fully use their role in opening to the outside world. He told them to promote economic cooperation with other areas in China and take greater steps to introduce foreign funds and technology.

According to Hu, Fujian exported 579 million U.S. dollars worth of goods in 1986, 17.7 percent more than in the previous year. Last year, Fujian companies engineering and labor service contracts worth 100 million U.S. dollars, more than in all of the preceding six years.

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CSO: 4006/211

OPEN POLICY HELPS GANSU TRADE, ECONOMY

OW121616 Beijing XINHUA in English 1410 GMT 12 Jun 87

[Text] Lanzhou, June 10 XINHUA)--China's current open policy has made it possible for Gansu Province in northwest China to regain its ancient "silk road" popularity.

The province has established economic and trade relations with 30 countries and regions, and conducted academic exchanges with 60 countries and regions since 1983, said officials from the provincial committee of foreign economic relations and trade.

The province has also imported 220 items of technology and launched 34 joint ventures, with a total investment of 200 million U.S. dollars, they said. In addition, Gansu earned 100 million U.S. dollars from exports last year.

By importing advanced technology, old enterprises in the province have been renovated and invigorated. The Jiuquan iron and steel works has become the largest in northwest China since it was retooled with imported technology and equipment from Federal Germany and Sweden.

Meanwhile, by seeking foreign cooperation, the province has become a key production base in the area for household electrical appliances, garments and foodstuffs.

The color TV sets and washing machines produced by the Changfeng machinery plant with imported technology from Japan, sell well on the domestic market, according to the officials.

The province's garment plants have exported their products made with imported production lines and technology.

Agriculture is an important sector for foreign cooperation. The Tibetan Autonomous Prefecture of Gannan has set up a Marten breeding farm jointly with Sweden and the U.S., and strawberries are now famous products of the provincial capital of Lanzhou.

Meanwhile, irrigation projects built with aid from the United Nations and other international organizations have brought an additional 200,000 hectares of land in the province under irrigation in recent years.

As part of efforts to boost the agricultural sector, the province's research institutes and universities have conducted academic exchanges with other countries in the fields of desert control, glaciers studies, animal husbandry and highland atmosphere, officials said.

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CSO: 4006/211

SHANGHAI ANNOUNCES NEW COOPERATION PROJECTS

OW021658 Beijing XINHUA in English 1458 GMT 2 Jun 87

[Text] Shanghai, June 2 (XINHUA)--The Shanghai authorities announced here today 32 projects for economic and technical cooperation with overseas companies as the first batch of the kind for this year.

The projects mainly cover machinery, meters and instruments, electronics, chemicals, light and textile industries, building materials, pharmaceuticals and medical equipment.

In line with the principle of promoting export-oriented enterprises, the municipal government demands that foreign investment must be concentrated on the production of export goods which are competitive on the international market, said Vice-mayor Qian Xuezhong at a meeting on the utilization of foreign funds.

Business consuming large amounts of energy, emitting excessive amounts of pollutants, with less-than-advanced technology or less-competitive products, or unable to keep a balance of foreign exchange are discouraged, he said.

"Foreign investors are also welcome to put forward ideas for cooperative projects themselves," he added.

By the end of April this year, the city had approved the establishment of 250 projects involving foreign investment totalling 1.61 billion U.S. dollars.

Among them 123 are industrial enterprises and 17 cover construction, transportation, and posts and telecommunications.

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CSO: 4006/211

SHANGHAI VICE MAYOR OUTLINES INVESTMENT REQUIREMENTS

HK040346 Beijing CHINA DAILY in English 4 Jun 87 p 2

[Article by staff reporter Zhen Fan]

[Text] Shanghai—As one of China's major economic bases, Shanghai is increasing its efforts to absorb foreign investment.

The city's requirements and list of items and projects open to foreign investment were announced by the Shanghai Foreign Investment Development Agency on Tuesday.

Vice-Mayor Qian Xuezhong told 300 people that foreign investment is welcome in Shanghai if it meets one of the following requirements:

—Those with new equipment, materials and products not available in China, and can meet demands of the domestic and international markets.

—Those products that can be upgraded to meet demands of the international market and increase export opportunities.

—Those products that will explore the new international market, generating more foreign exchange.

Qian also announced a list of fields sought for foreign investment. They include machinery, electronics, chemicals, pharmaceutical and medical instruments, textiles, construction materials and advanced technology.

The first batch of 32 investment projects was issued at Qian's news conference. More will be issued soon.

Officials of foreign consulate-generals and representatives of foreign firms attended the conference.

"Since the issuing of Provisions of the State Council of the People's Republic of China for the Encouragement of Foreign Investment and Provisions of

Shanghai Municipality for the Encouragement of Foreign Investment last October, the city's investment environment has been improved greatly," the vice-mayor said.

In the first five months this year, the municipality approved 47 joint-venture enterprises with foreign investment worth \$157 million while in the same period last year, there were only 18 projects worth \$93 million, Qian said.

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SHANGHAI INDUSTRIAL JOINT VENTURES PROFITABLE

OW150620 Beijing XINHUA in English 0604 GMT 15 Jun 87

[Text] Shanghai (CEI)—According to recent statistics, most of Shanghai's industrial joint ventures are showing profits, and in 1986, their output value increased 60 percent over 1985.

Shanghai approved 551 foreign investment projects since 1979, which involved 1.98 billion U.S. dollars. To date, 250 joint ventures or enterprises funded by foreigners have been founded with investments of 1.61 billion U.S. dollars.

Of these enterprises, 50 percent are industrial and 6.8 percent involve construction, communications, and post and telecommunications.

Since 1986, Shanghai has some new options for foreign investors including leases, credits from foreign banks, foreign bond issuing and buyer's credits.

Shanghai issued 25 billion yen in bonds in Japan last January to get funds for importing advanced technology and equipment for the city's light and chemical industries.

The city also issued 200 million U.S. dollars in bonds in Singapore this April, half of which will be used in Shanghai's municipal construction and industrial reform.

More foreigners are investing in Shanghai since the city has improved the investment environment, and to date, 18 countries have projects in the city.

At the end of 1986, the United States ranked first in investment in Shanghai, while Hong Kong ranked second and Japan third.

The statistics changed this April, and now Hong Kong ranked first with investments of 570 million U.S. dollars, and the United States ranked second with 510 million U.S. dollars in investment.

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CSO: 4006/211

BRIEFS

GUANGZHOU: FOREIGN INVESTMENT ON PRODUCTION--Guangzhou, May 9 (XINHUA)--The Guangzhou municipal authorities have decided not to build new luxury hotels or restaurants before 1990 in order to concentrate foreign investment on boosting industrial production. Earlier this year, the municipal commission of foreign economic relations and trade canceled seven contracts and diminished the scale of four others which concerned hotels and restaurants after examining a total of 37 projects already approved, said an official from the commission. An official from the commission told XINHUA that during the first three months of this year, more than 80 percent of the 26 contracts signed earlier this year are on industrial production or export-oriented projects. The official said that the productive projects involving foreign investment have increased from 40 percent in 1985 to 70.43 percent last year. "There have also been marked changes in the composition of foreign investors," he said. The city's foreign business partners used to come from small- and medium-sized companies--and mostly from Hong Kong and Macao. But now, more big enterprises and firms from Europe and America have invested in the city. [Text] [Beijing XINHUA in English 0640 GMT 9 May 87 OW] /6662

BEIJING EXPORT TARGETS--Beijing, June 4 (XINHUA)--Beijing has hit export targets for the first half of 1987, Yang Qinghua, a trade official, announced today. In the first five months of this year, the city exported manufactured and agricultural products valued at 345 million U.S. dollars, which account for 50.28 percent of the annual quota or 39.4 percent more than the same period last year. According to Yang, Beijing has exported over 1,000 varieties of products including canned food, clothing, carpets, cars, television sets, musical instruments, furniture, jewelry and lathes, to 130 countries or regions. "Of all the city's exports," Yang said, "the proportion of high-quality, name-brand products and machines increased considerably, and industrial, agricultural and commercial sectors worked together to ensure export supplies. Enterprises funded with foreign investment have also contributed to the city's increase in exports," he said, adding over 70 foreign-funded enterprises are now operating in Beijing. Beijing has introduced many policies which encourage enterprises to boost exports," Yang added. [Text] [Beijing XINHUA in English 1059 GMT 4 Jun 87 OW] /6662

JAPANESE RESEARCH FUNDS--Osaka, May 20 KYODO--Fujii Keori Ltd., an Osaka-based textile maker, said Wednesday it will donate 300,000 yuan in research funds to a Chinese state-run corporation in Beijing to improve the quality of

Chinese-made cashmere. The funds will be used to improve the breed of cashmere goats and to improve the quality inspection facilities, a Fujii spokesman said. Chinese-made cashmere accounts for some 50 percent of the world's total production, estimated at 5.5 million kilograms a year. However, the production of Chinese-made cashmere has leveled off due partly to a delay in the improvement of breed, the spokesman said. [Text] [Tokyo KYODO in English 0632 GMT 20 May 87 OW] /6662

XIAMEN TAX INFORMATION--Fuzhou (CEI)--The foreign tax department of the Xiamen tax bureau is now providing consultation to foreign business people investing in China. When the Xiamen photographic materials company imported a color photo assembly line and related technology from the American Kodak Co., the U.S. side did not understand China's tax revenue policies. Kodak's tax lawyers made a special trip to China at the beginning of the negotiations, and consultants from the Xiamen tax bureau spent two days explaining the regulations before the agreement was signed. This joint project is now progressing well and is scheduled to start production this year. Last year, the bureau consulted with 70 foreign business people. It has also published pamphlets explaining the laws and regulations imposed on foreign economic activity in China. Titles now available include "Foreign Tax Revenue Laws," "Bilateral Tax Revenue Agreement Problems," "Differences Between Sino-Japanese and Sino-British Tax Revenue Agreement Under China's Tax Law," and "A Discussion of Tax Revenue Balance." These publications have become useful reference materials for foreign business people in negotiating with Chinese partners. [Text] [Beijing XINHUA in English 0624 GMT 15 Jun 87 OW] /6662

CSO: 4006/211

FOREIGN BANKING SERVICES BOOMING IN SHENZHEN

OW021336 Beijing XINHUA in English 1227 GMT 2 Jun 87

[Text] Shenzhen, June 2 (XINHUA)--Juji Bank Ltd of Japan officially opened its branch here today, bringing the total number of foreign bank branches to 13 in this special economic zone (SEZ) in south China's Guangdong Province.

The introduction of foreign banking services into the special economic zone has added new dimensions to the banking horizon, said an official from the local branch of the People's Bank of China, China's central bank.

Apart from bank branches, some 10 foreign banks have also set up representative offices in Shenzhen.

According to the official, the participation of foreign banks has brought greater competition and also diversification into local financial services.

Operations of most of the foreign banks in the zone are profitable, as a result of many forms of favorable treatment granted to them, said the official.

These banks enjoy exemption for five years of consolidated industrial and commercial taxes, and exemption from enterprise income tax in the first profit-making year, the official explained.

They can also expand their business to other places outside the SEZ, the official added.

Most of the clients of the foreign banks there are enterprises with foreign investment, an executive of one of the foreign bank branches told XINHUA.

These branches are important to the development of the local economy, said the official. They introduce large amounts of new foreign investment and technology into the zone and provide their Chinese counterparts with experience and management expertise in banking, the official said.

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CSO: 4006/211

VIEWS ON SHENZHEN'S ECONOMIC DEVELOPMENT

HK051110 Beijing JINGJI GUANLI in Chinese No 3, 1987 [undated] pp 12-13

[Article by Wang Zhou (3769 3820): "From 'One Country, Two Systems' to 'One System, Two Models'--My Views on the New Stage of Development in the Shenzhen Special Economic Zone"--edited by Liu Qichang (0491 0366 2690)]

[Text] Comrade Deng Xiaoping, on the basis of a scientific analysis of the major contradictions in the world today, has proposed the new concept of "one country, two systems" to resolve the Hong Kong-type problems. In accordance with this concept, I would like to engage in some explorations on how we should handle well the question of the Shenzhen Special Economic Zone [SEZ].

In studying the question of the new stage of development in the Shenzhen SEZ, under the precondition of adhering to the four cardinal principles, we must make breakthroughs on the theoretical level and renewals on the conceptual level. I believe that we should consider the question from "one country, two systems" to "one system, two models." What I mean by "one system" is the one under a socialist system; the system of opening to the outside must have two structural models. Thus, opening to the outside must develop in theory. From a single-level theory, it must develop into a multi-level theory in opening to the outside (that is, a step-by-step theory of opening to the outside). By proceeding from this theory in economic relationships we must implement the two types of structural models,--the open structural model and the completely open structural model. At present, the Shenzhen SEZ is already prepared to make the transition from the open structural model to the completely open structural model. Our nation's four special economic zones each have their own characteristics and do not have a single model. The special conditions of the Shenzhen SEZ determine that it have an economically internationalized SEZ model--internationalized market system, enterprise management, commodity standards, and urban functions. This type of SEZ model will be able to increase both the competitiveness and attractiveness of the SEZ and will also provide new experiences in the exploration of economic management and coordination for the future realization of "one country, two systems."

Centering on the concept of "open country, two systems", I would like to give some views on some problems in the new stage of development in the Shenzhen SEZ.

1. The task of laying a base for the Shenzhen SEZ has basically been completed and we have now entered a new stage of development. In the last 6 years the builders of Shenzhen have built Shenzhen into an international first-grade hardware investment environment. It has a production capacity and foreign-exchange earning industries of a certain scale, and the foreign exchange earning capacity has increased annually. This is a major indicator of the change in the Shenzhen SEZ from a base-laying stage to a new stage of development and it is also an important indicator for assessing the success of the Shenzhen SEZ.

2. The major goals in the new stage of development in the Shenzhen SEZ are to strengthen economic power, competitiveness and attractiveness, expanding the scale of the use of foreign funds, including the borrowing of funds to set up enterprises, and at the same time, to actively developing internally-linked enterprises. The foreign exchange earning industries in the SEZ must develop at the same pace as the scale of foreign fund usage, because only then will it be possible to balance foreign exchange, with a small surplus. I believe that actively utilizing foreign funds, correctly utilizing foreign exchange and greatly developing the SEZ economy are the major goals of the new stage of development in the Shenzhen SEZ. Developing foreign exchange earning industries is the way to achieve these goals. We cannot just earn foreign exchange for the sake of earning foreign exchange and we cannot consider the means to be the objective. If we are to earn foreign exchange we must develop an open economy with international economic and technical cooperation and interflow. International economic trade activities have always been competitive and involve both making use of other's markets and providing others with markets. It is unthinkable that we should one-sidedly stress developing an externally-oriented economy, only occupy markets and not provide markets, only stress exports and not stress imports and put all the foreign exchange we earn in a security vault. If we make the externally-oriented economy the fixed goal model of the SEZ, it will inevitably stifle the foreign-exchange earning capacity of the SEZ and things will end up going contrary to plans.

The formation of the industrial structure of the SEZ must mainly be determined by the needs of the international market and intentions of investors. The SEZ must have a "sieve" for investment projects. However, only when you have investment projects will you have something to "sieving" can only play a specific rule in the formation of the industrial structure and it cannot play a decisive role. Thus, we should not take the formation of a particular type of industrial structure as the major goal of the new stage of development in the Shenzhen SEZ.

3. The key measures in realizing the goals of the new development stage in the Shenzhen SEZ are perfecting the software investment environment and raising the attractiveness of the SEZ to foreign funds. The so-called software investment environment includes low-cost labor (wages and benefits); an improvement in the quality of staff and workers, and especially an improvement in the quality of enterprises, an improvement in work efficiency and the training of a highly effective and honest cadre contingent. The key measure in raising the attractiveness of the SEZ to foreign funds is an improvement in the software investment environment or, summarized in a word, making it "open" or "special".

4. The key to whether the Shenzhen SEZ can further open up lies in putting in order the relationship between Shenzhen SEZ and the domestic market, markets beyond the borders and international markets. The method is the readjustment of the "first line" and "second line" management functions and the implementation of a completely open structural model. With thoughts proceeding from safety we can divide this into a two-step operation.

The first step is to first run the Shenzhen SEZ inside the national borders and within the customs borders. The import customs management line should be moved back to the "second line". Commodities, vehicles and personnel from beyond the border and from foreign countries moving across the "second line" from Shenzhen shall be subject to strict management in accordance with state regulations. The state should authorize the Shenzhen SEZ to manage commodities, vehicles and personnel imported from outside the borders or from foreign countries, across the original "first line," by itself and implement the principle of combining openness with safety.

The export customs management line should temporarily remain at the original "first line" and the export of commodities should be managed in accordance with current customs regulations. Those who exports shall be responsible for the settlement of exchanges. The Shenzhen SEZ's relationship with the hinterland will be handled differently according to situations: 1) When the Shenzhen SEZ represents a hinterland enterprise in exporting commodities, or exports in a combined operation with a hinterland enterprise, the method of foreign exchange allocation will be decided by discussions between the two sides (the amount of foreign exchange handed over to state by each will be decided by their respective systems). 2) When the Shenzhen SEZ purchases raw materials or semi-finished products from the hinterland and, after processing to add value, exports them, the foreign exchange earned will be handled in accordance with existing regulations.

The second step will be to run the Shenzhen SEZ inside the national borders but outside the customs borders. The state customs management line will be established at the "second line". Commodities, vehicles and personnel from outside the borders or foreign countries coming across the "second line" will all be managed in accordance with import-export and immigration regulations. Under the principle of guaranteeing state sovereignty and state interests, the original "first line" should be handed over by the state to the Shenzhen SEZ to manage. The principle of combining openness at safety should be implemented.

5. The key to whether or not the Shenzhen SEZ can be made increasingly special lies in readjusting the relationship between the state's macroeconomic regulations of the "large basket" and the Shenzhen SEZ's macroeconomic regulation of the "small basket," and differentiating the macroeconomic management range of the two "baskets." The state's macroeconomic regulation of the "large basket" will ensure that on the political level the Shenzhen SEZ adheres to the four cardinal principles, adheres to the socialist system, brings into play its "four windows" function and the radiating function of "two open fans" and accepts the leadership of the overall policies of the state.

On the economic level, the state's macroeconomic regulation of the "large basket" ensures four things for the Shenzhen SEZ: 1) Control over credit funds will continue to be given to the Shenzhen SEZ and a management system which links reserve and credit and involves self-responsibility for credit funds balancing will be established. 2) The export of fresh produce to Hong Kong and Macao which requires licenses will be handed over to the Shenzhen SEZ. In the future will will be changed to a tendering method and those which have low foreign exchange costs will be given priority for exports. 3) The export of commodities which require quotas will be handed over to the Shenzhen SEZ. 4) The drawing in of investment projects to produce import-substitution commodities and the proportion of the products to be sold domestically will be reported to the state responsible department for approval. In terms of finances and foreign exchange it is necessary to continue implementing the management system whereby the Shenzhen SEZ is responsible for maintaining a balance. Internal and external debts will be the responsibility of the Shenzhen SEZ itself, and it will borrow and repay by itself. In the last few years the economic power of the Shenzhen SEZ has been strengthened and it is necessary to again assess and determine its tasks in terms of finances and foreign exchange to be handed up to the state.

The Shenzhen SEZ must perfect a first-level macroeconomic management system. All matters which are outside the management range of the "large basket" macroeconomic regulation by the state should be handled by the Shenzhen SEZ through macroeconomic regulation of the "small basket." However, it cannot just copy the free market economic model.

6. Step-by-step the Shenzhen SEZ will be placed in the sea of the international market to learn how to swim, and to learn the skills of "competition" according to international rules. Shenzhen's neighbor, Hong Kong, enjoys a unique open situation. The development strategy of the Shenzhen SEZ must pay attention to the world situation today, to the economic development potential of the Pacific rim areas, handle well the relationship with Hong Kong, act in ways which are beneficial to each other and which can make up each other's deficiencies, and propose professional dialogue, coordinated development and common prosperity. It must link with Hong Kong and enter the international markets and must link with Hong Kong in developing the Zhujiang delta and the south China economic area. In the past, developing countries had resource superiorities, but having resources and being without funds and skilled personnel still precluded development. Now many developing countries are switching to importing foreign funds.

The amount the Shenzhen SEZ can draw in is the key question in developing the SEZ economy. Of course, funds alone are not enough. More important is the skilled personnel. The Shenzhen SEZ must train skilled personnel and widely advertise both domestically and abroad for skilled persons. It needs managers, scientists and technicians and more importantly, needs entrepreneurs. When there are funds and skilled personnel it will be possible to grasp well several important investment projects which will spur on the development of a large

number of medium-size and small enterprises. At the same time, it must strongly develop foreign-exchange earning industries. The key to whether the above goals can be achieved lies in whether the Shenzhen SEZ can implement the fully open structural model, whether it can implement an economically internationalized SEZ model and whether it implements the policies of complete opening up and real "specialness". I believe that this is the major problem which must be resolved as the Shenzhen SEZ enters the new stage of development.

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CSO: 4006/755

TIANJIN DEVELOPMENT ZONE OPENS MORE JOINT VENTURES

OW031401 Beijing XINHUA in English 1245 GMT 3 Jun 87

[Text] Tianjin, June 3 (XINHUA)--Four more Sino-foreign joint venture enterprises are turned into production at the economic and technological development zone in Tianjin, and the city plans to attract more investors this year.

Tianjin, a port city and the largest industrial center in North China, is one of China's 14 coastal cities open to foreign investment and trade. It opened an economic and technological development zone in December 1984.

The total number of joint venture projects has been added up to 66 including 16 contracts signed during the first five months this year, according to the general manager of the zone's corporation.

He said 30 joint ventures are now operating, and another 20 are constructing factory buildings or installing equipment.

General manager Ye Di said the zone is planned to have 80 Sino-foreign joint ventures by the end of this year.

The four new joint venture projects are built with capital from Japan, Singapore and the United States as well as Hong Kong region.

To mark the opening of the joint venture businesses, He Chunlin, director of the State Council's Special Economic Zone Office, said, through Tianjin, people could see that China had made no change in its policy of opening to the outside world.

He said the economic and technological development zones should improve their services, raise work efficiency and better their investment conditions.

So far, China has established 13 economic and technological development zones in 12 out of 14 open coastal cities.

Ye Di said the Tianjin development zone is expected to generate from 150 to 200 million yuan (40 to 54 million U.S. dollars) in the industrial output value and to export 20 million U.S. dollars worth of industrial goods this year.

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CSO: 4006/211

BRIEFS

SHEKOU INDUSTRIAL AREA BOARD OF DIRECTORS--Beijing, June 14 (XINHUA)--A board of directors has replaced the management committee at the Shekou industrial area in Shenzhen, one of China's four special economic zones, the PEOPLE'S DAILY reported today. Meanwhile, the area has been renamed the Shekou Industrial Area Company, Ltd. "The change has separated enterprise management from government administration, and enterprise ownership from management," the paper said, adding that it can help prevent bureaucracy and improve work efficiency. The board, which began functioning on June 10, is composed of 10 directors, four of whom were appointed by the China Merchant Steam Navigation Company, Ltd., the investor of the area, and the rest were elected directly by the voters. [Text] [Beijing XINHUA in English 1342 GMT 14 Jun 87 OW] /6662

SHENZHEN UNEMPLOYMENT INSURANCE--Shenzhen, June 2 (XINHUA)--Some 120,000 employees in 1,740 enterprises in Shenzhen special economic zone are now covered by unemployment insurance, XINNUA learned today. So far, 67 redundant workers have been receiving premiums from the SEZ insurance company, according to a company spokesman. The amount is 60 to 75 percent of their previous average monthly salary--no less than 50 yuan and no more than 150 yuan for two years. Employees who have worked for less than one year are not entitled to the insurance, and neither are those who are dismissed for errors or sentenced to penal servitude. Shenzhen has practiced labor reform and the contract system since 1983. The relief amount given those unemployed averaged 120 yuan last month. [Text] [Beijing XINHUA in English 0717 GMT 4 Jun 87 OW] /6662

CSO: 4006/211

LABOR VICE MINISTER ON WAGE, LABOR SYSTEM REFORM

OW100158 Beijing XINHUA in English 0144 GMT 10 Jun 87

[Text] Geneva, 9 Jun (XINHUA)--China's reform of its labor and wage system "constitutes an important part" of the country's current economic reforms, Chinese Vice Minister of Labor and Personnel Li Boyong said here today.

Speaking at the International Institute of Social Studies, Li said the Chinese Government has set itself the "arduous" task of reforming the present labor system which has revealed its "drawbacks" over the past years.

The reform will focus on the system of employment and introduction of a labor contract system for recruiting new workers, said Li, who is attending the 73d international labor conference.

Li explained that under the reform workers will be recruited throughout society "on the basis of all-round examinations" and enterprises will be granted "the power to dismiss employees who violate labor rules."

The reform will also "set up a social insurance system for retired contracted workers and those who lose their jobs," Li added.

Joint efforts in various fields will be sought to "keep the job-waiting rate in cities and townships around 2 percent, so as to create favorable social conditions for the economic and political reforms and the socialist modernization drive," Li said.

"The Chinese Government has always attached great importance to the question of employment. This has played a positive role in promoting social stability and unity, developing the national economy and improving people's living standards," Li said.

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CSO: 4020/210

LABOR

ECONOMIC

LABOR SERVICE COMPANIES FIND JOBS FOR UNEMPLOYED

OW060734 Beijing XINHUA in English 0636 GMT 6 Jun 87

[Text] Beijing, 6 Jun (XINHUA)--China's labor service companies, which first appeared in the late 1970's, are creating 2 million jobs a year for unemployed youths in cities, the "PEOPLE'S DAILY" reported today.

Attached to a state-owned work unit, a labor service company hires the unemployed children of the unit's staff on a temporary basis until permanent jobs become available.

A labor services company attached to the Dalian shipyard in Liaoning Province found permanent jobs for 2,000 unemployed children of the shipyard's workers, according to the paper.

The companies, now found in all cities, run 230,000 industrial and service businesses. They have earned 45 billion yuan and made 3.4 billion yuan in profit last year, the paper said.

Labour service companies have broken the traditional system under which all jobs are provided by the government, the paper said.

They have attracted international attention, said the paper, noting that United Nations labor and employment officials have studied the system.

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CSO: 4020/210

MORE RURAL LABOR IN INDUSTRY, CONSTRUCTION

OW030556 Beijing XINHUA in English 0533 GMT 3 Jun 87

[Text] Beijing (CEI) [dateline as received]--Nearly 20 percent of China's labor force in rural areas is now engaged in rural industry, construction, or service trades, according to China's State Statistics Bureau.

In 1986, the labor force in China's rural areas reached 379.899 million, an increase of 2.5 percent or 9.247 million over the previous year. The figure is 24 percent or 7.352 million more than in 1978.

Breakdown figures show that 304.68 million people are engaged in farming, 44.479 million in industry, and 30.739 million in service trades, showing increases of 0.38 percent, 14.9 percent, and 8.14 percent, respectively.

Percentage-wise, the number of people engaged in farming dropped from 81.89 percent to 80.2 percent; those engaged in industry rose from 10.44 percent to 11.7 percent; while those in service trades, from 7.67 percent to 8.09 percent. The sum total of people working in industry and service trades reached 75.218 million or 19.8 percent of the total rural labor force.

In agriculture, the labor force engaged in farming in 1986 numbered 253.658 million or 66.77 percent; and forestry, animal husbandry, fisheries, and sideline occupations, 51.0223 million persons or 13.43 percent. In 1985 the figures were 67.29 percent and 14.6 percent, respectively.

Rural industry took 31.393 million people and construction work, 13.0863 million, or 14.53 percent and 15.8 percent more than in the previous year. This accounts for 8.26 percent and 3.45 percent of the total rural labor force. In 1985, the figures were only 7.39 percent and 3.05 percent, respectively.

In the service trades, those in transportation, and posts and telecommunications numbered 5.061 million; in commerce and catering, 5.318 million; in science, education, and culture, 5.95 million; and in administration and management, 14.41 [figure as received] million. They registered increases of 16.59 percent, 14.96 percent, 9.01 percent, and 2.93 percent, respectively.

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CSO: 4020/210

JIANGSU PEASANTS LEAVE FARMS FOR INDUSTRY

OW141300 Beijing XINHUA in English 1117 GMT 14 Jun 87

[Text] Nanjing, 14 Jun (XINHUA)--More than 10 million peasants, who have left their farm fields in Jiangsu Province since 1979, are now employed in industry and service trades, a local official said today.

Forty percent of rural laborers no longer cultivate crops, he said, adding that in the economically developed southern part of the province, the rate exceeds 50 percent.

Although the province has a large population and a small amount of farmland, more than 90 percent of its 26 million rural laborers were previously confined to farming.

The new work force is now employed in rural factories, the forestry industry, livestock breeding, sideline occupations, fisheries, construction, transport, and commerce.

In addition to grain, cotton, oil-bearing seeds, and hogs, peasants in Jiangsu also supply the state with more than 6,000 industrial products, including 1,200 export goods.

Industrial output value of townships and villages in both Suzhou and Wuxi cities has topped 11 billion yuan (3 billion U.S. dollars), exceeding that of state and collective run enterprises in cities.

Qianzhou township, which achieved a "national first," in Wuxi County, had an industrial and agricultural output value of 400 million yuan (108 million U.S. dollars) last year, averaging more than 10,000 yuan (2,700 U.S. dollars) per peasant.

Last year, about 70 percent of the increase in revenue in Jiangsu came from the countryside, the official said, adding that peasants produced 58 percent of the 145.8 billion yuan (39.4 billion U.S. dollars) industrial and agricultural output value.

Eighty percent of production in the countryside is sold on the market, that rate has more than doubled since 1979, he said.

As a result of the developing rural industry and service trade, towns are growing rapidly. In Jiangsu, there is one town every 47 square kilometers, 260 percent more than the national average density.

Over the past few years, provincial authorities have provided technical training to almost all peasants in its more than 5 million rural factories.

Its construction teams are well received not only in China but also in foreign countries, the official said.

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CSO: 4020/210

BRIEFS

SICHUAN WORKERS' OVERSEAS WORTH--Chengdu (CEI)--Sichuan Province has contracted engineering projects in over 30 countries and regions and has sent 4,150 workers to do the jobs. The foreign countries include Hungary, the Federal Republic of Germany, France, Algeria, Jordan, Egypt, Kuwait, Nepal, Canada, the United States, and Peru. Latest statistics show, the province's 46 contracts, worth 120 million U.S. dollars, involve architectural engineering, building materials, highways, restaurant construction, and garment processing. Workers involved in the building materials industry rank first in China's total labor service force abroad. Nepal, Kuwait, and Iraq have praised Sichuan's labor service workers for their fast, high-quality work. [Text] [Beijing XINHUA in English 0617 GMT 10 Jun 87 OW] /9599

CSO: 4020/210

RENMIN RIBAO VIEWS SOUTH-SOUTH COOPERATION

HK100526 Beijing RENMIN RIBAO in Chinese 8 May 87 p 7

[Article by Chi Li (6688 4539): "South-South Cooperation as Viewed From the Pickup in Oil Prices"]

[Text] People in Western oil circles generally hold that the price of oil, which is \$18 per barrel now and which has been stable for some time, will go up again and will reach \$20 per barrel by the end of the year. There are certainly several reasons for this, such as the increase in demand and the reduction in oil reserve by some industrial countries, but the main reason is the concerted efforts made by OPEC (Organization of Petroleum Exporting Countries) to protect oil prices by restricting oil output.

Over the past 2 years or so, OPEC has made continuous efforts to stabilize the international oil market and establish a reasonable oil pricing system. To achieve this goal, OPEC has given play to its collective role and made positive efforts to win the cooperation of other oil-producing countries. Some OPEC member states are faced with great difficulties, such as lack of funds, heavy debts, and the affects of war, and, although anxious to increase their economic gains by exporting more oil, they have taken the common interests of the organization into consideration and implemented their agreement on protecting oil prices by restricting output. Meanwhile, some member states with a better economic situation, have reduced their share of oil production on their own initiative, so that other member states, with economic difficulties, may increase their production quotas. This spirit, which is characterized by people in the same boat helping each other, is the real reason why OPEC has achieved success in protecting oil prices by restricting output. All this will undoubtedly encourage other developing countries to strengthen cooperation in protecting their immediate interests.

At present, Third World countries are generally faced with the problems of development, debt, and shortage of funds. In the situation that the world economy is growing slowly, export prices of raw materials and primary products in the developing countries are going down, and trade protectionism in developed countries is gaining ground, North-South economic relations are becoming grimmer and grimmer with each passing day. Therefore, strengthening South-South cooperation has become a more urgent and arduous task for the developing countries. From the fact that oil prices have ceased dropping

and begun to rise we can see that there is a great potential for the developing countries to promote their bilateral, multilateral, and regional economic cooperation. They have lots of things to do in this regard. This is also where the significance of OPEC's achievements in unity and self-improvement lies.

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CSO: 4006/755

SHANGHAI PUBLISHES FOREIGN INVESTMENT GUIDE

OW020828 Beijing XINHUA in English 0650 GMT 2 Jun 87

[Text] Shanghai, 2 Jun (XINHUA)--To help foreign and Chinese investors choose the right investment projects, the Shanghai municipal government today published Shanghai investment guide, with a list of 32 projects seeking foreign investment for 1987.

An official from the Shanghai Foreign Investment Agency said the guide listed the requirements for direct foreign investment in Shanghai and the catalogue of industries and trades that need or restrict or ban foreign investment.

According to the guide, foreign investment is sought for the industries of machine building, electronics, chemicals, pharmaceuticals, light manufacture, textiles, building materials, and advanced technology.

The industries and trades where foreign investment is restricted include products that are energy consuming, require a huge amount of transportation work or cause serious pollution, and projects where no advanced technology is introduced or the products on which there are export quotas imposed.

Projects where foreign investment is banned include those harmful to social and economic development, natural environment and the people's health.

The guide will be revised and published once a year, the official said.

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CSO: 4020/210

BRIEFS

ALMANAC PUBLISHED--Beijing, 18 May (XINHUA)--Everything you ever wanted to know about demographics in China is contained in a recently published almanac detailing population trends throughout the country, today's "PEOPLE'S DAILY" reported. Compiled by the Population Research Centre of the Social Sciences Academy, the 2,086,000 word almanac includes 10 sections on China's population. The "ALMANAC OF CHINA'S POPULATION" offers population statistics, family planning information, and an investigative report comparing world and Chinese population trends. Population statistics cover the period between 1949 to 1984. Data from three population census is also included in the section. In another section specialists seek ways of coping with China's big population and discuss future population trends. [Text] [Beijing XINHUA in English 1034 GMT 18 May 87] /9599

CSO: 4020/210

NONGMIN RIBAO EXAMINES 'SPARK PLAN' PROBLEMS

HK180831 Beijing NONGMIN RIBAO in Chinese 5 May 87 p 2

["Work Research" by Xue Tao (5641 1718): "Problems in the Course of Implementing the 'Spark Plan' and Measures for Dealing with Them"]

[Text] Since the implementation of the "spark plan" in all localities, the arming of some town and township enterprises with science and technology has been playing an active role in promoting enterprises' economic results. Nevertheless, there are a few places where the "spark plan" is not given enough importance and is not grasped well, nor do the methods applied satisfy the needs, and deviations and errors have appeared. The major problems are as follows:

First, the projects are on too large a scale and the investment results are poor. "Short construction time, low cost, and prompt results" has become "long time, high cost, and slow results." Second, some enterprises crave for bigness and seek foreign things; they blindly import foreign technology and equipment which turn out to be useless, and capital is stockpiled for a long time. Third, development projects and local resources are not integrated well. Major raw materials have to be imported. As production cost is high, so is the price of the products, which become less competitive in the market. Fourth, in implementing the "spark plan," some places emphasized advanced and modern technology but are unable to apply it in actual enterprise production. The "spark plan" can hardly start a "prairie fire." Fifth, some places are not interested in the "spark plan," thinking that the town and township enterprises' technological strength is weak and so is their digestive ability, so even if a fire is kindled, it can hardly start a "prairie fire." They would rather help large and medium urban enterprises. The above problems affect the smooth implementation of the "spark plan." It is hoped that the leaders concerned will pay close attention to the problems and take effective measures to solve them.

-- Strengthen leadership, organize things carefully, supervise and examine, and implement at all levels. It is necessary to supervise and urge the departments concerned to provide timely aid to town and township enterprises in solving the difficulties they encounter in implementing the "spark plan," such as capital, raw materials, transportation, and so on. The scientific and technical departments in particular, must treat and grasp this work as their

own important task and send more technical personnel deep into the rural areas, to provide town and township enterprises with consultation and technical guidance on the spot. When a project has been put into production they are to be the "back-up team," to make sure that the "spark plan" project is implemented smoothly.

-- Proceed from using local resources and inherent factors, and give priority to developing practical technology and items that require "short construction time, low cost, and give prompt results." We should proceed from the town and township enterprises' actual technical strength, size, capital, and so on, and use existing enterprises to develop more enterprises supported by local resources that require short construction time, are easy to launch and give prompt results. We should pay special attention to developing farming, forestry, animal husbandry, fisheries, minerals, and other local indigenous products.

-- Strengthen lateral ties and promote domestic technology transfer. In implementing the "spark plan," we should mainly use the country's advanced science and technology fruits. County-level scientific and technical management departments must take the initiative in helping town and township enterprises from behind the scenes and link them with urban scientific and technical units and institutes of higher education; some mature foreign advanced technology and key equipment should be imported in good time yet without being overwhelming, craving for size or seeking foreign things only.

-- Persist in taking the improvement of enterprise quality as the starting point, and help town and township enterprises do well in technical training, to promote staff and worker cultural and professional levels. While bringing in technical personnel from elsewhere, it is necessary also to pay attention to train the enterprises' own technical personnel. It is necessary to conscientiously digest imported technical information, work procedures, mechanical facilities, and so on, to make sure the new technology is suitable, applicable, and brings good results.

-- In the light of actual situation in different localities, through the implementation of the "spark plan," we should purposely cultivate a number of scientific and technical enterprise combines, and also make sure that they play a demonstration function so that the enterprises implementing the "spark plan" become "the chief leaders" in driving forward local technical progress and economic take-off. It is also necessary to actively reform the scientific and technical management system by practicing the contract system and compensation for funds investment for "spark plan" projects. Encourage scientific and technical personnel to maintain their present jobs without pay and go to town and township enterprises to develop "spark plan" items, for which they should receive reasonable remuneration. They should enhance their initiative and enthusiasm in promoting the "spark plan" in order to speed up its implementing process.

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CSO: 4006/743

RENMIN RIBAO ON ARABLE LAND REDUCTIONS

HK270807 Beijing RENMIN RIBAO in Chinese 18 May 87 p 1

[Dispatch by reporters Cao Zhaoqin (2580 3546 3830) and Wang Hangzeng (3769 5887 1073): "China's Arable Land Reduces by 9 Million Mu in 1986"]

[Text] Reporters Cao Zhaoqin and Wang Hangzeng learned from the State Statistics Bureau that in recent years the country's arable land had been reducing greatly. This has a direct influence on agriculture, especially the development of grain production. Last year, the country's arable land has been reduced by more than 9 million mu over the preceding year. This acreage is equivalent to the total arable land of the entire Qinghai Province.

It is understood that during the "6th 5-Year Plan," total reduction of the country's arable land was 36,800,000 mu, the average annual decrease being 7,370,000 mu. Areas where arable land had reduced the most were in Heilongjiang 1,108,000 mu, Shandong 1,100,000 mu, Liaoning 850,000 mu, Guangdong 610,000 mu, Hubei 590,000 mu, Henan 530,000 mu, and Nei Monggol 520,000 mu.

According to State Statistics Bureau experts who have analyzed the major reasons for the reduction of arable land in the country, in recent years the area being converted from farmland into pastureland and forest has increased. Last year the area so converted was 8,480,000 mu. The proportion of farmland used for national capital construction and building peasants' private housing has grown. Last year, national capital construction used 1,640,000 mu of arable land, while peasants occupied over 1,260,000 mu of arable land for private housing. Arable land in suburbs reduced greatly as well.

Substantial reduction of arable land directly affects the steady development of agricultural production. In 1985 due to the 15,000,000 mu reduction in arable land, the greatest reduction in over 10 years, average grain production was reduced by 28,200,000 tons compared with the preceding year. Due to the reduction of arable land and the adjustment of plantation structure, grain-sown land had been reduced by 60,580,000 mu, and grain output reduced by about 19,000,000 tons, that was 67.4 percent of total grain reduction. In 1986, arable land was reduced by another 9,000,000 mu on top of the enormous reduction of the preceding year. Although-sown area was increased by more than 30,000,000 mu over the preceding year and total grain output increased by

11,990,000 tons, total output still failed to reach the highest historical level of 1984. Moreover, the expansion of grain-sown area takes away the sown area for other cash crops, causing a reduction in cash crops output.

Responsible persons of departments concerned pointed out that to ensure that farmland is protected, it is necessary to implement the "Land Control Law" thoroughly and strictly control the use of farmland. After promulgation of the state Land Control Law, most areas have thoroughly investigated the illegal usurpation of land, in a planned and well organized manner. It was found that one-third of the land was illegally occupied. When checking illegal usurpation, all localities must implement the Land Control Law firmly and set up concrete farmland management systems according to local conditions. The basic level units in particular must be strict when examining and approving farmland usage, in order to prevent illegal usurpation of land. All localities must persist in combining administrative, legal, and economic methods to manage farmland.

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CSO: 4006/743

NANFANG RIBAO EDITORIAL ON RURAL DEVELOPMENT

HK040624 Guangzhou NANFANG RIBAO in Chinese 30 May 87 p 1

[Editorial: "Great a New Tide in Rural Guangdong"]

[Text] The provincial conference of County Party Committee secretaries held in Zhanjiang by the Provincial Party Committee studied the problems of developmental agriculture, township and town enterprises, and county-level comprehensive structural reform and made arrangements for future rural work. This was an extremely important and very successful conference. The current tasks confronting rural party organizations at all levels are to completely implement the spirit of this conference and to vigorously develop the commodity economy by adopting the method of linking the strengthening of leadership with the launching of a mass campaign so that another high tide in the rural areas of our province will come at an early date and surge forward wave upon wave.

After the 3d Plenary session of the 11th CPC Central Committee, the rural areas of our province carried out the first step of reform, vigorously implemented the system of contracted responsibilities with payment linked to output, integrated the fruits of laborers' labor with material interests, and greatly aroused the peasants' enthusiasm for production so that the first upsurge in agricultural production throughout the province emerged. Output of the existing arable land was greatly raised, diversification greatly developed, the peasants of the larger part of the areas solved their problems of clothing and food, and the Sixth 5-Year Plan was completed ahead of schedule. However, after the commencement of the Seventh 5-Year Plan, if we want to further develop the rural economy and if the masses of peasants want to get rich quickly, the current production scale is unsuitable. Under these circumstances, all places have carried out all kinds of explorations to seek a new way to get rich. Some hoped to get rich on the strength of trade but ran up against a stone wall; some hoped to get rich through running industry and as a result, some of them with better conditions succeeded but mountain areas made very small results due to restrictions by various conditions, including capital, technology, communications, and circulation; and some other places grasped developmental agricultural production and afforestation, planted fruit trees, or developed beaches along coasts, resulting in quickly changing their outlook and finding a way to get rich. The Provincial Party Committee and Provincial People's Government conducted penetrating investigation and study, summed up the masses' experiences, and held that developmental agriculture was

a new way to further develop the rural commodity economy and enable peasants to get rich quickly. They therefore quickly made a policy decision on developmental agriculture. They demanded that while vigorously developing township and town enterprises, all places give prominence to grasping developmental agricultural production well. In view of this, they held a series of conference, adopted vigorous measures to develop developmental agriculture, and made specific arrangements. Practice has now proved that during the Sixth 5-Year Plan, the development of the rural economy of our province relied mainly on implementation of the system of contracted responsibilities with payment linked to output and on carrying out the first step of reform, and during the Seventh 5-Year Plan, it relies on the deepening of reform, on developmental agriculture, and on the development of township and town enterprises.

Unlike the self-sufficient and semi-self-sufficient natural economy, developmental agriculture and township and town enterprises are serialized and socialized production and must have a certain scale. To carry out intensive operation and socialized cooperation, it is necessary to keep an eye on the domestic and foreign markets and to resolve circulation problems. It is hard to achieve this by relying on a household only. However, developmental agriculture and township and town enterprises are the commodity economy and can bring peasants more material interests than at any time in the past. On the one hand, the peasants therefore strongly demand that developmental agriculture develop, township and town enterprises be run, and production develop in depth; on the other hand, they urgently demand that their upper levels strengthen leadership and help them solve all kinds of specific problems that a household is unable to solve, to quickly develop developmental agriculture and township and town enterprises. That is to say, the development of the commodity economy is the desire of the masses and so long as the upper levels are bold in and good at leadership, an upsurge can form quickly. Under these circumstances, it is extremely necessary to mobilize the masses and to strengthen leadership. We can, therefore, say that the integration of the strengthening of leadership and the mass campaign under the socialist condition is the objective requirement for developing the commodity economy and is of great significance. Only by mobilizing the masses and strengthening leadership can we quickly develop the commodity economy; otherwise, we cannot eliminate the shackles of the small-scale peasant economy, serialized and socialized production cannot be smoothly carried out, and the commodity economy cannot greatly develop.

Nevertheless, up to the present, not all comrades have clearly understood this problem. Because of this, the scale and speed of the development of the commodity economy in all places have greatly varied. In some places, as the peasants urgently demand the development of the commodity economy, action is adroitly guided according to circumstances, leadership strengthened, the masses' will be turned into leaders' policy decisions, and leaders' policy decisions turned into the masses' conscientious actions, resulting in quickly developing the rural economy and greatly increasing the production of commodities. In some other places, the study and analysis of the new rural situation is lacking, leaders' ideas and understanding still remain at the stage of the small-scale peasant economy, and leaders turn a deaf ear to or fail to attach sufficient importance to the peasants' requirements for

developing the commodity economy, not to mention the strengthening leadership and mobilizing the masses, so that development is slow and the rural economy stagnates. From this, we can see that strengthening leadership and mobilizing the masses has become a new subject which rural leaders at all levels of our province must seriously approach.

Of course, to link the strengthening of leadership with the mass campaign, it is essential to adhere to the ideological line of seeking truth from facts and proceeding from realities and to integrate the revolutionary enthusiasm and scientific attitude. The strengthening of leadership in question is by no means a categorical order and arbitrary and impracticable direction which demand uniformity in everything; the mass campaign under discussion also is not to rush headlong into mass action, to pursue formalism, to do something for show, and not to stress economic results. It is imperative to seriously draw on previous positive and negative experiences in leading the masses and to be good at applying the party's policies to arouse the peasants' initiative. We must continuously implement the system of contracted responsibilities with payment linked to output, implement the principle of mutual benefit, and not go in for "egalitarianism and indiscriminate transfer of resources." Centered on the requirements for developing the rural commodity economy, we must seriously do a good job in county-level comprehensive structural reform and protect and enhance the peasants' enthusiasm for developing the commodity economy. We must change the functions of administrative units and provide multifunctional social service to develop rural commodity production, set up and perfect the market system and promote commodity circulation, and through all aspects of reform, remove all obstacles to the development of the commodity economy. At the same time, we must persist in investigation, study, scientific exposition and proof, rational planning, the correct selection of projects, and the determination of the main direction of developmental agriculture and township and town enterprises. We must make the best use of the masses' enthusiasm to achieve the greatest economic results. In addition, we must do what we are capable of and not copy blindly and mechanically in disregard of specific conditions. So long as we fully arouse our revolutionary enthusiasm and take a serious scientific attitude, a new high tide in the rural areas of our province will come true.

The situation in Guangdong in the south of our country is gratifying. Allow us to emancipate our minds, inspire our enthusiasm, link the strengthening of leadership with the mass campaign, and help bring about another high tide in the rural areas of our province!

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CSO: 4006/750

GUANGXI ISSUES URGENT NOTICE ON TIMBER BUSINESS

HK080237 Nanning Guangxi Regional Service in Mandarin 1030 GMT 7 Jun 87

[Excerpts] The regional government issued an urgent circular on 3 June calling on all localities to strengthen management of timber and protect the forestry resources.

The circular said: Following the lifting of restrictions and invigoration of the timber market, the forestry peasants' enthusiasm for afforestation, greening the motherland, protecting the environment, and so on has been stimulated to a certain degree. However, due to the fact that management work has failed to keep up with needs, indiscriminate tree-felling and looting of and theft of state and collective timber have occurred in some places. This has developed to a serious degree in certain areas. It has become an urgent task to protect the forestry resources and the legitimate economic interests of the forestry peasants. We must strengthen management in timber production and circulation. Only thus can we effectively curb the unhealthy trend of indiscriminate tree-felling.

The circular states: The method of purchasing timber at one price and selling it at various prices is to be followed. From the date of this notice, only the state-owned timber companies, forestry industry stations, timber yards, and water transport bureaus under the forestry departments at all levels are allowed to buy timber from the forestry farms and peasants. No other unit or individual is permitted to directly buy timber from the forestry farms and peasants.

Apart from the state-owned timber handling units under the forestry departments, from the date of this notice all units and individuals handling timber must reregister and undergo screening, verification, and straightening out by the local industry and commerce departments and forestry departments. Those who meet the conditions will be reissued with licenses for handling timber. Timber held in stock by those who fail to obtain a new license must be registered. It must be sold off within a deadline. It can also be purchased by local timber companies.

In the future, no individual will be allowed to deal in timber.

The circular points out that it is essential to strengthen forestry management and strictly control the amount of felling.

To stabilize the timber market and take simultaneous care of the interests of the forestry peasants, the handling units, and the processing enterprises, guidance prices for timber will be periodically set by the regional prices bureau and forestry department in accordance with the state guidance prices.

The circular also points out that the masses should be launched to afforest barren mountains. It is necessary to promptly investigate and deal with cases of looting and theft of state and collective timber and crack down hard on criminals who sabotage the forests.

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CSO: 4006/743

HAINAN SCORES RUBBER PLANTING BREAKTHROUGH

HK091418 Beijing RENMIN RIBAO in Chinese 5 Jun 87 p 2

[Dispatch by reporter Ling Zhijun (0407 1807 6511): "Another Major Breakthrough in Rubber Planting on Hainan Island"]

[Text] Through 10 years of experimenting and popularization, the artificial three-dimension rubber plantation community designed to produce the optimum ecological economic, and social benefits has yielded encouraging results on Hainan Island. Industry experts said: This is another breakthrough in China's natural rubber planting following its successful effort to plant rubber trees in farther northern regions.

In late May this reporter saw that the artificial three-dimension rubber plantation communities in Hainan Island's three regions--eastern, western, central--had merged into a large community surrounded by a wind-breaking forest belt composed of such tall and huge trees as the Eucalyptus, tectonias, casuarinas, and Acacias, where high-quality rubber trees were planted closely in four rows with the rows sparsely paced and intercropped with low and short-stalked crops, such as tea, coffee, pepper, and pineapple. The trees, green and luxuriant, are growing and thriving side by side everywhere in the community. At present this technology of "intercropping in sparsely paced rubber groves" has been widely adopted by most state farms in the Hainan reclamation areas [ken qu 1083 0575]. More than 40,000 mu of rubber plantations have been opened up using this technology. The old-style, low-yield rubber plantations will be upgraded at a rate of 20,000 mu a year.

In the early 1950's, our country succeeded in planting rubber trees in large areas in the regions north of 17 degrees north latitude, regions previously regarded as "a rubber forbidden zone." Through 30 years of efforts, rubber production bases have been built on Hainan Island and the Leizhou Peninsula and in Xishuangbanna. Hainan Island's rubber output constitutes over 70 percent of the nation's total output. This success is considered by people at home and abroad a major breakthrough in natural rubber production. However, the traditional rubber planting system has revealed its defects, such as a long non-production period, low output, a slow recovery of investment returns, poor ecological benefit, and vulnerability to windstorms. For example, the non-production period of the rubber plantations in the Hainan reclamation areas averages 9 years or so. After the plantations are put into production, the income from each mu of rubber is just half of that from each mu of tea,

one-third that of coffee, and one-tenth that of pepper. When hit by typhoons, the plantations' output will drop in minor cases or they will be destroyed in serious cases.

Beginning in the mid-1970's, the Hainan reclamation areas reformed the traditional rubber planting system and created the new technology of "intercropping in sparsely paced rubber groves" and gradually improved it in the course of production. This technology passed a state examination last year. The examination result showed that not only is its ecological benefit tangible but it can also raise the soil utilization rate to 160 percent as a result of intercropping. The non-production period of the rubber plantations has been shortened from 9 to 2 years. As the result of intercropping, the annual per mu output value has reached 1,000 to 2,500 yuan, or 100 to 400 percent higher as compared with exclusive rubber planting. In 1986, the Hainan reclamation areas reaped a harvest of more than 30,000 dan of tea from the intercropping of the rubber plantations, gaining an additional income of 9 million yuan or more. The social and economic results of the plantations are also very good.

The production period of the 800,000 mu of rubber plantations set up on Hainan Island in the 1950's and 1960's has been nearing termination and badly needs renewal. The budget investment is 400 million yuan, the state can hardly allot such a big sum of money overnight. Therefore, it is necessary to rely on the crops intercropped in the plantations, which promise quick returns to pay for the long-term expenses. Practice has proved that this road is feasible.

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CSO: 4006/750

HUBEI CONTINUES NEGOTIATED GRAIN PRICES

HK050030 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 3 Jun 87

[Excerpts] Dear listeners:

It is a foregone conclusion that our province will achieve an increase in the summer grain output this year and will also have a bumper harvest this year. Then, will it be hard for our peasants to sell their grain? Will they be able to sell their grain at a good price? The following is a report filed today by our station reporter (Xia Jianhua) and our station correspondent (Zhao Peng):

According to a recent decision by the provincial government, the provincial authorities will purchase without restriction, the noncontractual wheat and wheat not assigned by purchasing quotas at the protective and negotiated price in 25 yuan for every 50 kg of wheat.

The base figure set for our province's contractual food grains and purchasing quotas of food grains has been readjusted from last year's 3.5 billion kg to this year's 2.9 billion kg. Of this, this year's contractual wheat and purchasing quotas of wheat only total 1.1 billion kg. In addition, there is a bumper harvest of summer grain this year. Therefore, our province's purchasing volume of wheat at the negotiated price this year will top the highest level in history. It is estimated that this year the whole province will purchase a total of more than 1 billion kg of wheat at the negotiated price.

To fully benefit the peasants through purchasing food grains from them at negotiated prices and to protect the peasants' enthusiasm for growing food grains, the provincial government has decided that despite this year's bumper harvests of food grains, the province will continue purchasing food grains at protective and negotiated prices for the purpose of stabilizing the sustained growth of grain production. Peasants throughout the province will really benefit from this decision, totaling more than 70 million yuan.

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CS0: 4006/750

SHANDONG USES ZONING TO PROMOTE RURAL ECONOMY

OW100853 Beijing XINHUA Domestic Service in Chinese 2344 GMT 8 Jun 87

[By reporters Yu De and Wang Jinye]

[Excerpts] Jian, 9 June (XINHUA)--In directing rural economic work, the Shandong Provincial Party Committee and the Shandong People's Government have divided the province into six agricultural regions according to natural conditions and economic characteristics for the purpose of providing specific guidance and adopting different principles, policies, and measures to promote sustained and steady development in the province's rural economy.

Since 1984, the Shandong Provincial party Committee and the Provincial Government have divided the province into six agricultural regions--the Yimeng Mountain Region, the Nansi and Dongping Lake Region, the Luxibei Plain, the Haidao Region, the Jiaodong Open Peninsula, and the Huanghe Delta--in accordance with different natural and economic characteristics for the purpose of conducting investigations and study, making plans, and promoting development in a specific way. During the past three years, leading comrades of the Provincial Party Committee and the Provincial Government have personally engaged in this effort, working on one region after another. First, various types of investigative groups were formed to study the natural conditions and economic situation of each region and to find the path of economic development for each region.

Second, after ascertaining the situation of each region, the secretary of the Provincial Party Committee and the governor led the leading officials of the departments concerned into each region to work on the spot, studying and drawing up principles and policies for economic construction; working out specific measures for economic development; and implementing these principles, policies, and measures in each region.

Third, in a move to round off the entire effort, a yearly review was conducted in each region to fix and solve problems in a timely manner.

Providing specific guidance, promoting development on a zoning basis, and engaging various departments in a cooperative effort have helped overcome the lack of cooperation and buck-passing between different levels and departments.

The Shandong Provincial Party Committee and the Provincial Government have promoted the province's rural economy through specific guidance. The total grain output of 1986 rose by 5.5 billion kilograms from 1983, an increase that in 3 years exceeded the growth of the preceding 10 years. For the first time in 1986, the total output value of the province's rural enterprises surpassed that of agriculture to reach 32.58 billion yuan. It also rose by 56.9 percent in the first quarter of this year from the same period of last year.

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BRIEFS

SHANDONG AGRICULTURAL TECHNOLOGY--Shandong Province actively popularized advanced agricultural technology during the 1980-1986 period in which the province scored a 10.5-billion-kg increase in its grain output and its yearly average increase reached 1.5 billion kg. [Text] [Jinan Shandong Provincial Service in Mandarin 2200 GMT 8 Jun 87 SK] /9599

LIMIT NONAGRICULTURAL LAND--Delegates to a recently held provincial meeting on the planned management of nonagricultural land have said: There have been sharp decreases in our province's total area of cultivated land over the years. We must strengthen planned management of the use of cultivated land for nonagricultural purposes and ensure that the whole province's use of cultivated land for nonagricultural purposes this year will not exceed 80,000 mu. According to statistics, the province's total area of cultivated land by the end of 1985 decreased by 6.53 million mu compared with 1956. During the Sixth 5-Year Plan, the province's average annual decrease in total area of cultivated land was equivalent to the complete loss of a medium-sized county's cultivated land. However, the province's population has been steadily rising over the years. The province's average annual increase in population from early 1979 to the end of 1986 was equivalent to a whole medium-sized county's population. Starting from 1976, our province has been turned from a grain exporting province into a grain importing province. In spite of rises in the per unit area yield of grain, the province still has to import a large quantity of grain every year. If this trend continues to develop, it will certainly affect the normal development of agricultural production and mass economy and will make our future generations suffer. [Excerpts] [Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 2 Jun 87 HK] /12913

HAINAN AGRICULTURE EXPORTS DEVELOP--Hainan has achieved marked results in developing export-oriented agriculture. The island has now grown some 570,000 mu of various tropical plants and planted trees on 16 million mu of land. Last year the agriculture bank alone issued more than 400 million yuan of loans and the regional people's government allocated more than 5 million yuan to establish seven export bases for producing coconut, pepper, coffee, tea and cashew nuts in Wenchang, Anding, Qioghai, Chengmai, Linggao, Wanning, Ledmng, Baoting and Qiongzhong. While developing tropical plant production Hainan has also developed the agricultural and sideline products processing industry. It has now set up a number of plants for processing rubber, coffee, coconut, pepper, and pineapple. [Summary] [Haikou Hainan Island Service in Mandarin 0900 GMT 10 Jun 87 HK] /12913

DENG LIQUN'S SPEECH ON CHILDREN'S EDUCATION

HK031400 Beijing RENMIN RIBAO in Chinese 29 May 87 p 3

[Article by Deng Liqun: "The Whole Society Should Show Concern for the Healthy Growth of Teenagers--Speech Delivered at 'Children's Ideological Education Forum' (15 May 1987)"]

[Text] All the comrades here attending this forum and other comrades in all parts of the country, who are engaged in work related to teenagers and children, have made strenuous efforts for and outstanding contributions to the healthy growth of new generations. I'd like to take this opportunity to express my thanks to all of you, and through you, to all the comrades engaged in the education of teenagers and children in the whole country!

First, all the departments concerned, from the central level to the local level, and the whole society must show more concern for the growth of teenagers and children. Over the past few years, thanks to the support of the whole society, the CYL Central Committee, the All-China Women's Federation, and other relevant departments have achieved marked successes in carrying out work related to teenagers and children. However, we should see the relatively large gap between this work and our demands, that is, what we should do, what we can do, and what we can do well.

All the parents hope that their children will become stronger and more capable than themselves. This feeling is quite understandable. This is also the reason why mankind can make progress. We also have such wishes. However, whether or not our wishes will be realized is another cup of tea. For example, at present, some units are still engaged in such bad practices as eating and drinking extravagantly; and some units are trying to replace their still good vehicles with better ones. Since these units can spend so much money on eating and drinking extravagantly and buying new vehicles, why can't they spend their money on the education of our children, on building more secondary and primary schools, on building more nurseries, and on building more houses for the secondary and primary school teachers? Doing things detrimental to the country and the people is a selfish mentality of only showing concern for oneself without showing concern for future generations. Nowadays, only sons or only daughters have become the most loved persons in the families. The parents often spend a lot of money on their only sons and only daughters. However,

is it worthwhile for the parents to spend so much money on their only sons and only daughters? Have the parents ever carefully thought about this question? Now, the production cost of children's newspapers, periodicals, picture-books, films, and telefilms has increased, and therefore we now have more difficulties in this work. Although Beijing now has more cultural facilities than in the past, the number of cultural facilities in Beijing still falls short of the demand of the city's 0.97 million children. These facts show that although we have achieved marked successes in showing concern for future generations and training qualified future generations, we still have no reason to be proud of our work. We should make continued efforts to do more propaganda work to call on more people to do more good things for our children. A few years ago, we had a lot of problems in this work, now the situation has become much better. The future of this work is bright, and we just need to make more efforts in this work.

A number of maladies now still exist in our society. If more people can see these social maladies, we will certainly have better conditions to eliminate them. Our society is different from capitalist society. The maladies of capitalist society are caused by the capitalist system itself and therefore cannot be thoroughly eliminated. Ours is a socialist society. So we can depend on our own healthy forces to eliminate the maladies in our society. We should further publicize the importance of work of educating teenagers and children so as to enable all the people in society to show concern for this question and enable more and more people to help and support the work of educating the teenagers and children. If all the people in the society can show concern for and support the work of educating the teenagers and children, we will certainly be able to do the work well.

Second, it is necessary to develop children morally, intellectually, physically, and aesthetically, and build up their capabilities to perform manual labor. The education of children in some countries is different from the education of children in our country. The children in those countries clearly know what they would like to do and what they will be able to do after graduation even at the time when they start to go to universities, whereas our children have had their own interests since childhood. However, after graduation from the senior secondary schools, our children have no idea which universities or colleges they should try to enter, which faculties they should choose if they pass the university entrance examinations, or what they should do if they fail in the university entrance examinations. This situation has inevitably touched upon the question of reforming the education system. Is it possible for us to educate our children by various stages from the time when they first enter the primary schools in order to enable our children to acquire the ability and habit of supporting themselves? After accomplishing the 9-year compulsory education, some of them will go to the senior secondary schools, and sit for the university entrance examinations after their graduation from the senior secondary schools while others will go to the vocational schools after finishing their junior secondary school education. Some young people have their own special skills and interests. We should

find ways to bring their special skills and interests into play and let them develop their special skills and interests. We must train the young people to become qualified personnel with not only comprehensive abilities but also with special skills young people who are not only knowledgeable but also capable of doing practical work. In training qualified personnel, we should not be overanxious for quick results, but we certainly should try our best to enable our education to produce the desired results. Even by the beginning of the next century, it will still be impossible for everyone in China to go to universities. Even when everyone has a chance to compete to enter universities, only those who have not only book knowledge but also practical abilities will be admitted to the universities. I think that some schools with better conditions can first carry out some experiments towards this end.

To suppress the development of children's special skills will only produce unfavorable results. Some families still lack adequate communication between parents and children. Some parents are not interested in the special interests and hobbies of their children while their children always refuse to listen to their opinions and advice. Sometimes, the parents have talked a lot to their children, but their children still refuse to listen to them and still do things their own way. I think that it is necessary to observe, guide, and develop the interests and special skills of children.

Third, the question of protecting the growth of teenagers and children has become a pressing question over the past few years. Over the past few years, we have already discovered that some teenagers work more than 10 hours a day under poor working conditions. Moreover, we have also discovered that the majority of the criminals are younger people. Society is partially responsible for the emergence of such a situation, for example, the influence of some unhealthy newspapers, periodicals, and other harmful publications. Therefore, the departments concerned must strengthen their control over the work of press and publications according to the relevant regulations of the CPC Central Committee and the State Council. The parents, teachers, members of the CYL, and instructors of the Young Pioneers must all show concern for the children as to what books they should read and how they should read the books so as to prevent the children from being affected by erroneous ideas. Gardeners should not only water the flowers but should also try to eliminate insects. So, on the one hand, we should provide younger generations with good and rich spiritual nourishment, and on the other hand, we should criticize in a timely way and protest against the phenomena of poisoning teenagers and children. As a matter of fact, in order to make a profit, a small number of people have been compiling, publishing, and selling things which are harmful to teenagers and children. Those harmful publications have indeed had a bad impact on the hearts of teenagers and children who will suffer from such a bad impact for the rest of their lives. It is difficult for teenagers and children, who do not know much about the society, to learn to be good, but it is easy for them to learn to be bad. Many comrades have told me that sometimes, our comrades

have done several months' work, but a single bad film or a single handwritten book can compel us to start our work all over again. So, we should jointly shoulder the responsibility for educating teenagers and children and do our best to guarantee the healthy growth of teenagers and children.

Four, both teachers and the parents should attach great importance to the ideological education of teenagers and children. The parents are the first teachers of the children. Many children later commit crimes because they came from broken families, had inadequate education, or had irresponsible parents during their childhood. The family education, education by society education, and the school education should be closely integrated together. The family education is an important link. Even in countries which have a higher cultural level, teenagers and children still need to have a good family education. All the parents want their children to become more capable than themselves, but they have no idea as how to enable their children to become more capable than themselves. Therefore, the schools need to tell the parents how to teach their children and should cooperate with the parents in assuming a joint responsibility for protecting, educating, and training teenagers and children.

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CSO: 4005/739

HEBEI PROCURATOR'S REPORT TO PEOPLE'S CONGRESS

SK061154 Shijiazhuang HEBEI RIBAO in Chinese 3 May 87 p 2

["Excerpts" of report on work of the Hebei Provincial People's Procuratorate delivered by Liu Zhiqi, chief procurator of the provincial People's Procuratorate, to the Fifth Session of the Sixth Hebei Provincial People's Congress on 25 April]

[Excerpts] Fellow deputies:

I now submit to the session a report on the main situation of the 1986 procuratorial work.

Under the leadership of the party committees at all levels and the Supreme People's Procuratorate, under the supervision and assistance of the People's Congress at all levels, and thanks to adhering to the four cardinal principles and implementing the principle of "grasping construction on one hand and legality on the other hand," in 1986, procuratorial organs at all levels throughout the province unswervingly treated the work of combating serious economic criminal activities as their major task while never ignoring the work of dealing blows to serious criminal activities; brought their functions into better play; and made contributions to promoting the overall development of procuratorial work, safeguarding the political situation characterized by stability and unity, promoting a stable turn for the better in social order, and ensuring the smooth progress of economic restructuring and economic construction.

1. Procuratorial organs at all levels continued waging the struggle against serious criminal offenders. Procuratorial organs at all levels throughout the province positively engaged in the struggle against serious criminal activities and the work of comprehensively improving social order; and worked closely in cooperation with public security and judicial departments and courts to strictly punish serious criminal offenders according to the law. Thus, the achievements in waging the struggle against serious criminal offenders were consolidated and developed, and public order in both urban and rural areas was further improved.

2. They deeply waged the struggle against serious economic criminals. In accordance with the central authorities' principle of first resolutely

and second prudently dealing blows to economic criminals, and the provincial party committee's requirements for "controlling the arrogance of economic criminals within the year," procuratorial organs at all levels throughout the province further strengthened investigations on serious economic criminal activities. Thus, the province took a firm step for and scored notable achievements in dealing blows to economic criminals based on the progress made in 1985.

First, a large number of economic criminal cases were investigated and handled. The number of economic criminal cases of various categories accepted and heard by procuratorial organs in 1986 increased by 19.2 percent over 1985. The number of cases put on file for investigations increased by 28 percent; of which, major and appalling cases increased by 39.4 percent and criminal cases related to cadres at or above the county level increased by 80 percent. Of the total cases which were put on file for investigations, 90.5 percent were ascertained and concluded, an increase of 39.7 percent. The number of criminal offenders arrested increased by 43.9 percent. Including the economic criminals, such as profiteers and speculators, who were arrested with the appeals of public security organs, the number of criminal offenders arrested in 1986 increased by 37.7 percent over 1985. A total of 1,465 persons brought lawsuits, an increase of 47.8 percent. Through handling cases, more than 50.048 million yuan of economic losses were retrieved for the state, a 1.5-fold increase over 1985 and exceeded the total of the previous 7 years.

Second, the vast number of the people upgraded further their enthusiasm for waging struggle against economic criminals. Thus, a group of economic criminals surrendered themselves to the police. A total of 51.4 percent of economic criminal cases investigated and handled by procuratorial organs in 1986 were reported by the accusers in the units where the cases took place; and 285 major and appalling cases were investigated and handled through the exposure and denouncement of the people. With the deterrence of the law and under the influence of the policies, 361 economic criminals surrendered themselves to the police and 2.06 million yuan of illegal gains were returned to the state.

Third, the development of production was promoted through strengthening the overall improvement of social order. Procuratorial organs at various levels throughout the province paid attention to bringing their functions into play and played a key role in safeguarding and promoting reform. They consciously linked the struggle against serious economic crimes with reform, expansion, and economic invigoration. They adopted various methods to help the departments and units where cases had taken place comprehensively to improve public order and they made contributions to promote the smooth progress of economic restructuring and economic construction. Through handling cases, procuratorial organs throughout the province helped 597 enterprises recover 42.14 million yuan of cheated money and debts; helped 135 enterprises that were on the verge of bankruptcy enliven the economy; and helped 105 enterprises turn deficits into profits and upgrade economic results.

3. They further strengthened the procuratorial work of law and discipline. While conscientiously grasping the struggle against serious criminal offenders and serious economic criminals, procuratorial organs throughout the province further strengthened the procuratorial work of law and discipline; concentrated efforts on investigating and handling major and appalling cases; placed emphasis on investigating and handling cases related to violating the citizens' personal and democratic rights and interests, as well as serious cases of negligence of duty. As a result, party style and social order have been improved, the construction of two civilizations has been promoted, and the sanctity of socialist legality has been safeguarded.

4. They positively conducted the procuratorial work of the cases appealed by the people. Over the course of handling the cases appealed by the people, these organs persistently paid attention to discovering clues for solving major and appalling cases, wrong and missed cases, difficult and complicated cases where the solution had been delayed: Cases where the people complained of problems with sharp contradictions that possibly created criminal cases. Therefore, they actively accepted and heard and conscientiously investigated and handled the cases and problems that had been discovered. Over the past year, these organs handled 31,700 visitors and incoming letters from the masses, investigated and handled 1,200 cases by themselves, corrected more than 100 wrong and missed cases, prevented the occurrence of 446 cases with the possibility to sharpen the contradictions, solved 337 cases which the people repeatedly complained of due to long-term delayed solutions, and provided clues for 3,787 criminal cases of various categories. Chief procurators of procuratorial organs at all levels personally engaged in the work to answer letters and receive visits from the people. According to statistics, in 1986, chief procurators at all levels handled more than 4,300 visitors, read and handled more than 3,900 letters from the people, handled 128 cases appealed by the people, corrected 102 wrong and missed cases, and solved 275 cases with the possibility to sharpen the contradictions and cases whose solution had been delayed for a long time. So, they have won the acclaim of the people. Viewing the province's current situation, we know that the tasks for examining the cases appealed by the people are very arduous, particularly due to the fact that our province made a late start in reexamining old cases left over. So, we must make great efforts to basically accomplish the tasks before the 13th Party Congress.

5. They vigorously strengthened the construction of the ranks of public procurators. Over the past year, procuratorial organs at all levels throughout the province had a clear-cut stand to adhere to the four cardinal principles; persisted in people's democratic dictatorship; strengthened ideological and political work; conducted education on having lofty ideals, morality, integrity, education, and a sense of discipline; launched intensively the campaign of vying with each other to be civilized procuratorial organs and civilized procurators and to create good images of public procurators; and adopted various measures to conduct professional training among the vast number of cadres and policemen to improve their political qualities and abilities to do professional work. While conducting the struggle, the vast number of cadres and policemen persisted

in the correct political principles and orientation; conscientiously implemented the party's line, principles, and policies; constantly maintained vigorous fighting will and good mental state; worked diligently to overcome difficulties; handled affairs in persistent accordance with the law; and made contributions to consolidate the political situation characterized by stability and unity, safeguarding economic construction, and promoting the development of reform.

Fellow deputies: Just like the entire country, the province's current political and economic situation is very good. The party Central Committee called for grasping two great matters this year. The first is to adhere to the four cardinal principles and oppose bourgeois liberalism. The second is to continue persisting in the principle of reform, opening up, and economic invigoration to achieve economic construction. Thus, we must conscientiously study relevant documents of the central authorities; resolutely implement the party Central Committee's principles and policies concerning opposing bourgeois liberalism, and the NPC Standing Committee's "Decision on Strengthening Education on the Legality to Safeguard Stability and Unity"; have a clear-cut stand to stand in the forefront of the struggle against bourgeois liberalism; and persistently adhere to the four cardinal principles and oppose bourgeois liberalism. We should persist in the strategic principle of "grasping construction on one hand and legality on the other hand" to conscientiously achieve procuratorial work. Procuratorial organs should bring their functions into full play and continue deepening the struggle against economic crimes and other criminal activities. While never ignoring the work of dealing blows to criminal activities, they should focus on the major task of dealing blows to economic crimes. Through the struggle against economic crimes and criminal offenders, the overall improvement of social order and the overall development of procuratorial work will be promoted, and the construction of the two civilizations will be ensured and promoted. Under the leadership of the provincial party committee and the Supreme People's Procuratorate and under the supervision of the provincial People's Congress, we should strive to improve the work of this year and to make greater achievements.

The report is submitted to the session for discussion.

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CSO: 4005/741

HEBEI OFFICIAL SPEAKS ON POLITICAL, LEGAL WORK

SK061120 Shijiazhuang HEBEI RIBAO in Chinese 20 May 87 p 1

[Text] On 13-15 May, the Political and Legal Commission of the provincial party committee held a report-back forum on the political and legal work to further relay and implement the guidelines of the national forum of political and legal work and to raise the tasks and demands on the political and legal work in the foreseeable future in light of the reality of the province. Yue Qifeng, deputy secretary of the provincial party committee and secretary of the Political and Legal Commission of the provincial party committee, presided over and addressed the forum.

Comrade Yue Qifeng pointed out: At present, the major tasks of the provincial political and legal work is to serve the socialist modernization drive and to support the economic foundation, under the guidance of the four cardinal principles, around the two major events defined by the central authorities this year. Continued efforts should be made to punish and deal with serious criminal offenders in a severe and prompt manner, to punish and deal strict blows to serious economic criminal offenders and active counterrevolutionaries, to vigorously speed up the construction of grassroots organization units, to promote comprehensive administration over public order, to positively broaden the sphere of providing legal service for economic construction, to maintain normal order in the social and economic activities, and to ensure the sustained stability of social order. We should restudy the important instructions of the party Central Committee on punishing and dealing blows to serious criminal offenders in a severe and prompt manner, and should conduct the struggle of severely striking serious criminal offenders in a still more effective manner. We should closely combine the striking with administration, and should conduct striking, prevention, administration, and construction in a simultaneous manner to yield still better social effect. We should fully understand the harmfulness of economic crimes and the importance of the strikes to economic crimes, and should profoundly comprehend the important significance of Comrade Deng Xiaoping's instructions on "grasping reform, opening up, and economic invigoration with one hand, and grasping the struggle against economic crimes with the other hand." Party committees at all levels should actually strengthen their leadership over the struggle against economic crimes, and organize departments concerned to fight the general war in coordination. By

continually adhering to the effective method of "grasping the systems and conducting the work in a systemized manner," we should conduct activities at various levels to thoroughly ferret out criminals. We should concentrate our efforts on ferreting out and dealing with major and appalling cases. We must continually uphold the principle of "being firm first and being careful second." Party committees and governments at all levels should actually attend to comprehensive administration over public order, incorporate this work in the specific planning for building spiritual civilization, and develop this work through the efforts of the entire society and through various methods. In this regard, the focus should be placed on propagation and education on the legal system, on the work of educating and helping delinquents to turn over a new leaf, on the building of the grassroots organizations, on "the army-civilian joint activity" and on the "police-civilian joint activity." Political and legal departments at all levels should positively and voluntarily provide legal service for economic construction and the economic structural reform, further strengthen the lawyer and notarization and economic trial work and maintain a normal economic order.

Comrade Yue Qifeng stressed in conclusion: We should accelerate the building of the ranks of political and legal cadres, and organize the broad masses of cadres and policemen to conscientiously study the Marxism-Leninism-Mao Zedong Thought and the two books entitled "Adhere to the Four Cardinal Principles and Oppose Bourgeois Liberalism," and "Build a Socialism With Salient Chinese Characteristics." We should also profoundly understand the far-reaching and historical significance of the adherence to the four cardinal principles, have a clear-cut stand in opposing bourgeois liberalism, and serve the people and society wholeheartedly. At the same time, we should continue to grasp the training of cadres and policemen to improve their political and professional expertise.

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CSO: 4005/741

HEBEI PARTY COMMITTEES TRAIN PROPAGANDA WORKERS

SK090840 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 30 May 87

[Text] The party committees and propaganda departments at all levels throughout the province have overcome the tendency of paying attention to using cadres but showing no concern for training them, actively strengthened the work of training grassroots propaganda cadres, and displayed a better role in conducting positive education in upholding the four cardinal principles. Over the past few years, the party organizations and propaganda departments at all levelsthroughout the province have paid great attention to organizing and building the contingents of propaganda cadres at the grassroots level, selected a number of cadres who cherish their own professions, can bear hardships and stand hard work, have talent and learning, and are full of vigor to reinforce the propaganda front.

At present, there are 3,500 propaganda cadres in townships, towns, cities and neighborhoods throughout the province, an increase of 38.7 percent over the figure of 2 years ago. In terms of their knowledge and age structures, they are more compatible with the needs of the four modernizations. Party organizations and propaganda departments at all levels throughout the province have also conscientiously grasped the work of training and professional skills of the propaganda cadres ranks while strengthening their building. In addition to actively encouraging and supporting them to further their study in party schools, universities and colleges, correspondence universities, radio and television universities, and part-time universities, they have also run all kinds of short-term training courses in line with the situation and the needs of their assignments.

In light of local conditions, Langfang Prefecture has tried to find a system which is compatible with the grassroots propaganda work, and persisted in the work all year round. In view of the fact that the radio and television coverage in the remote and outlying areas is comparatively low, Zhangjiakou Prefecture has consolidated and established propaganda and report groups which have become an indispensable force for the ideological, political, and economic work in the rural areas.

In order to enhance the sense of responsibility and honor of the grassroots propaganda cadres, all districts, cities, and counties have also implemented the target management responsibility system among the grassroots propaganda cadres. Some cities and counties have conducted activities of doing pioneering work, making contributions, vying to be the first to do quality work, and launching a 100-score competition, and justly commended the outstanding propaganda cadres in an effort to greatly boost the work enthusiasm of the broad masses of propaganda cadres.

On 27-30 May, the Propaganda Department of the provincial party committee held a meeting to exchange experiences in building grassroots propaganda cadres in Langfang Prefecture. The meeting extensively exchanged experiences in building contingents of propaganda cadres at the grassroots level and decided to exert efforts to raise the province's propaganda work to a new level.

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HEBEI FULFILLS INSPECTION ON POLICY TOWARD INTELLECTUALS

SK090848 Shijiazhuang Hebei Provincial Service in Mandarin 2200 GMT 30 May 87

[Text] Our province by and large has fulfilled its tasks for inspecting the implementation of the policy on intellectuals. All the 18 prefectures and cities, and 88 provincial departments have obtained certificates of quality.

Our province began its province-wide inspection on the implementation of the policy on intellectuals in February 1984. Over the past 3 years, it has solved 77,000 problems left over by history, and some practical problems of intellectuals arising in their work, study, and living conditions. In late 1986, in line with the guidelines of the central instructions, our province once again transferred 100 party-member cadres, and organized them into 17 inspection groups to conduct the fourth overall large-scale inspection on how the prefectures, cities, and provincial departments, committees, sections and bureaus throughout the province had implemented the policy on intellectuals.

It discovered during the inspection that a small number of units still had problems. With the help of the inspection groups, these units earnestly reviewed and analyzed their work to find out where they lagged behind and made up for what they lacked in an effort to accomplish the work thoroughly and successfully. They instituted the system under which leading persons are responsible for handling certain cases, classified the cases into different categories and levels, designated personnel to handle them, and based the evaluation of cadres on their performance in implementing the policy on intellectuals. They also pulled together the efforts of different levels to verify and study the problems which were more difficult, and solved them one by one. In this way, problems left over from history were solved very quickly.

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HEBEI HOLDS SECOND LITERARY-ART AWARD MEETING

SK060250 Shijizhuang HEBEI RIBAO in Chinese 24 May 87 p 1

[Excerpts] On the occasion of commemorating the 45th anniversary of the issuance of Comrade Mao Zedong's speech given at the "Yanan forum on literature and art," the second Hebei provincial meeting to present literary and art development awards was ceremoniously held in Shijiazhuang City today.

Leading comrades of the province, including Yue Qifeng, Liu Ying, Wang Zuwu, and Xu Chunxing, attended the meeting and presented certificates of merit and outstanding service, bonuses, and souvenirs to the award winners.

In his speech, Yue Qifeng, deputy secretary of the provincial party committee, extended warm congratulations to the awardees on behalf of the provincial party committee and the provincial government. He said: Our literary and art work not only plays a "special role" in building the two civilizations, but also serves as an important front in the struggle to oppose bourgeois liberalism. Reviewing Comrade Mao Zedong's speech given at the "Yanan forum on literature and art" is of great and practical significance in further correcting the orientation of making literature and art serve the people and socialism.

Comrade Yue Qifeng said: At the fourth national congress of the literary and art circles, Comrade Deng Xiaoping reaffirmed in his "congratulatory speech" that "we should continue to adhere to the orientation of making literature and art serve the broad masses of people with the emphasis on serving workers, peasants and soldiers" which was put forward by Comrade Mao Zedong. Our party's orientation of making literature and art serve the people and socialism defined during the new period is an inheritance and development of Comrade Mao Zedong's idea of "serving the workers, peasants and soldiers." Each and every literary and art worker should profoundly understand and conscientiously implement it.

Comrade Yue Qifeng also touched on this issue of encouraging literary and art workers to acquire a Marxist world outlook, uphold the nationalized road in literature and art, and build the socialist literary and art circles with Chinese characteristics through strengthening the Marxist

theoretical study, social study, and emulation from the people. In referring to the leadership issue, he said: It is necessary to strengthen and improve the party's leadership over literary and art work. At present we should pay particular attention to ending the weak and listless situations in which the party committees at all levels and the relevant leaders are not bold enough to lead and criticize literary and art work. He said: In strengthening and improving the party's leadership over literary and art work, we should chiefly strengthen leadership over the party's principles and policies concerning the literary and art circles and correctly grasp the political orientation. It means that we should respect the characteristics and the law of literature and art, further promote democracy in socialist literature and art, and enable the broad masses of literary and art workers to display their literary and artistic talent and to make our literary and artistic undertakings prosper. It also calls on the party committees at all levels and the relevant leaders to continuously do their service work well and to serve as "rear-service department directors."

This evening, the provincial-level literary and art groups sponsored a soiree at the Hebei Theater to commemorate the 45th anniversary of the issuance of Comrade Mao Zedong's speech at the "Yanan forum on literature and art." Leading comrades of the province and more than 1,000 cadres and the masses watched the brilliant performance.

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CSO: 4005/741

TIANJIN'S ZHAO JINSHENG CPPCC WORK REPORT

SK100111 Tianjin TIANJIN RIBAO in Chinese 24 May 87 p 2

["Excerpts" of report on the work of the Standing Committee of the Seventh Tianjin Municipal CPPCC Committee delivered by Zhao Jinsheng, vice chairman of the municipal CPPCC Committee, at the sixth session of the seventh municipal CPPCC Committee on 20 April]

[Excerpts] Fellow members:

Entrusted by the Standing Committee, I will now give a report on the work carried out since the fifth session for your examination and discussion.

Based on the functions and characteristics of the CPPCC, and the spirit of the resolution of the fifth session, the Standing Committee, over the past year, has held high the banner of patriotism, and united the people of various nationalities, various democratic parties, relevant people's organizations, nonparty persons, and people from various circles throughout the municipality to carry out the work in various fields to serve the purposes of building the socialist material and spiritual civilizations, promoting socialist democracy and legal system, and facilitating the reunification of the motherland, with the focus on the central tasks of the party and the government.

1. We conscientiously carried out political consultation and democratic supervision.

In the past year, this Standing Committee achieved new progress in both the content and the methods of its work of political consultation and democratic supervision. Major manifestations were that the party and the government attached more importance to the performance of the CPPCC functions, and that this Standing Committee carried out its work with more initiative, and permeated its work with the basic functions of political consultation and democratic supervision.

From last September to early this year, the Tianjin Municipal CPC Committee made reports on three occasions on the important speeches of central leading comrades delivered in Tianjin, and the guidelines of the plenary

session of the municipal party committee to various democratic parties, leading comrades of relevant people's organizations, and the Standing Committee of the municipal CPPCC Committee in order to help the members understand the major policies and decisions of the party Central Committee, and the plans of the municipal party committee in a timely manner.

2. Proceeding from the actual conditions of the municipality, we promoted the building of the two civilizations.

To develop the CPPCC's advantages in intellectual resources, keep construction in view in doing everything, and conscientiously implement the policy of building the two civilizations simultaneously represent the basic guiding ideology for this Standing Committee's work. Proceeding from this guiding ideology, we took the initiative in doing the following work.

We continued the work to render major assistance to a selected country, and achieved new progress in this. This Standing Committee's medical consulting service to Wuqing County was expanded from a single field to several fields, and from one hospital to several hospitals. Those participating in the services were expanded from our members, to members of democratic parties, and persons from the medical circles. Displaying the Lei Feng spirit, the members devoted Sundays to the services, free of charge, all the year round. They not only relieved the pains of patients with their brilliant medical skills, but also warmed the people's hearts with their medical virtue.

This Standing Committee also made progress in some projects to support Wuqing County in developing its economy, science, technology. It also gradually extended its services to other suburban areas and counties, holding discussions with Hangu, Dongjiao, Baodi, and Jixian districts and counties on relevant service projects. When doing this work, it cooperated with democratic parties and public figures in society.

3. We actively carried out overseas contacts.

To implement the policy of "one country and two systems," and achieve the reunification of the motherland is a major strategic policy decision of the party Central Committee, and to develop overseas contacts is a significant development of the united front work. In the past year, proceeding from the strategic ideology of "one country and two systems," and the actual conditions of this Standing Committee, we carried out some work within our capacity. We paid attention to the basic work, and conducted investigations to further understand the relations of more than 700 municipal CPPCC members to the compatriots in Hong Kong, Macao, and Taiwan, and Overseas Chinese.

4. We maintained close ties with district and county CPPCC committees and helped promote their work.

To conscientiously implement the guidelines of the national forum on local CPPCC work, responsible comrades of the Standing Committee went to

district and county CPPCC committees to acquaint themselves with the situations, held several forums to solicit opinions, and drafted a report to the municipal party committee. The report put forward specific opinions on strengthening political consultation and democratic supervision, making further overseas contacts, and improving the CPPCC Committee at various levels. The general office of the municipal party committee has approved and transmitted this report.

5. We continued to compile and translate cultural and historical data.

Last year, the cultural and historical data research committee collected 222 articles on various cultural and historical data, totaling 1.7 million characters, published four volumes of the TIANJIN WENSHI ZILIAO XUANJI [SELECTED TIANJIN CULTURAL AND HISTORICAL DATA], and a special book TIANJIN ZUJIE [TIANJIN CONCESSION], and handed to the Tianjin Municipal symposium on building the socialist spiritual civilization a thesis entitled "The Role of the CPPCC's Cultural and Historical Work in Building the Socialist Spiritual Civilization." The translation committee translated 50 volumes of English and Japanese works, totaling nearly 6 million characters, translated the GU WEIJIN HUIYILU [REMINISCENCES OF GU WEIJUN], and published volumes three, four, five, and six.

The cultural and historical data research committee achieved new progress in collecting data from abroad. It collected a group of important data from abroad.

6. We strived to improve the work of our organs and raise work efficiency.

In the past year, the organs of the municipal CPPCC Committee made new progress in improving themselves, changing workstyles, and raising work efficiency. Fostering the idea of the united front, work personnel rendered warm services to CPPCC members and persons from various circles, and carried out some work conducive to invigorating the CPPCC work.

Fellow members, the CPC Central Committee and the State Council have called for concentrated efforts on two major tasks this year. One is, in the economic field, to adhere to correct construction policies, launch extensive campaign to increase production, practice economy, increase revenues, and reduce expenditures, deepen the structural reform, open wider to the outside world, and strive to maintain a sustained and stable development of the national economy. The other is, in the political and ideological fields, to intensify the propaganda and education on upholding the four cardinal principles, resolutely oppose bourgeois liberalism, strengthen the building of the socialist spiritual civilization, and further consolidate and develop the political situation of stability and unity. This clearly indicates the orientation of our work in the new year.

The major work we should carry out this year is as follows:

1. We should earnestly organize members and persons from various circles to study Marxism-Leninism-Mao Zedong Thought, and the documents of the important meetings of the CPC Central Committee, the State Council, and the Tianjin Municipal Party Committee and government to enhance their understanding and unify their thinking. We should focus our study on Comrade Deng Xiaoping's "Building Socialism With Chinese Characteristics," the book entitled "Upholding the Four Cardinal Principles, and Opposing Bourgeois Liberalism" compiled by the Party Literature Research Center of the CPC Central Committee, the "Resolution of the CPC Central Committee on the Guiding Principles for Building the Socialist Spiritual Civilization," the "Decision on Intensifying the Education on the Legal System, and Maintaining Stability and Unity" issued by the NPC Standing Committee, the documents and speeches of the CPC Central Committee, and the municipal party committee and government on the campaign to increase production, practice economy, increase revenues, and reduce expenditures, and the documents of the Fifth Sessions of the Sixth NPC and CPPCC Committee. After the convocation of the 13th CPC Congress, we should organize members and the people from various circles to conscientiously study its documents. We should continue to hold meetings to report on the current situations and our study in a planned manner, and compile and issue reference materials for the study.
2. We should further strengthen the work of political consultation and democratic supervision and carry it out systematically at regular intervals. We should organize members and people from various circles to discuss the major issues of the party, state, and the municipality, and the issues which the people are concerned about in order to make our policymaking more scientific and democratic. To help the members and the people from various circles to understand the situation of our municipality, this year we plan to continue to invite the leading comrades of the Tianjin Municipal CPC Committee and Government, and relevant departments to give reports to the members and the people from various circles on the municipality's situations in increasing production, practicing economy, increasing revenues, and reducing expenditures, in the economic structural reform, opening to the outside world, and building the spiritual civilization, and in the reforms in other fields at irregular intervals. We should continue to organize members to conduct investigation activities. We should further improve the work to handle motions, and cooperate with the municipal government in handling these motions and make replies.
3. We should develop our advantage of abundant talented people to serve reform, opening up, and the two civilizations, and to serve the socialist democracy and legal system. We should organize members and personnel of the work groups to conduct special investigations and hold special forums on our municipality's campaign to increase production, practice economy, increase revenues, and reduce expenditures, reform, opening to the outside world, enlivening the domestic economy, and the important issues which the people are concerned about, and urge them to offer beneficial opinions and suggestions.

4. We should actively carry out overseas contacts. After investigations and study, we should expand the contingents of the personnel in charge of overseas contacts, and strengthen the contacts with the compatriots in Hong Kong, Macao and Taiwan, and Overseas Chinese, in particular their second and third generations. We should do a good job in receiving the people from abroad who come to visit or give lectures. We should provide favorable conditions, and make use of various channels to carry out nongovernment exchange activities, make the most of the cultural and economic liaison committee of the municipal CPPCC Committee to make friends extensively, and expand the cultural and economic ties with Hong Kong, Macao, and Taiwan compatriots, and Overseas Chinese so as to open up a new situation in the work concerning overseas contacts. We should adopt various measures to publicize the policy of "one country and two systems," and the basic national policy on the peaceful reunification of the motherland. We should strengthen cooperation with the various democratic parties, relevant people's organizations, district and county CPPCC committees, and the departments in charge of foreign affairs so as to develop our municipality's overseas contacts in both range and quality.

5. We should continue the collection, collation, compilation, and publication of cultural and historical data, and collect the data from abroad throughout various channels. The compilation and translation committee should continue translating and publishing relevant works.

6. We should improve our organs, and raise the political and professional levels of our cadres. We should actively create favorable conditions, and adopt various measures to conduct on-the-job training of cadres, and intensify the education on professional ethics. We should improve our professional competence, and gradually establish and improve the personal responsibility system, and relevant rules and regulations in order to systemize and standardize our work. We should improve the workstyles of leading persons, overcome bureaucracy, and carry forward the spirit of doing work in a frugal, realistic, and creative manner. We should reinforce ideological and political work, and strive to turn the organs of the CPPCC Committee into ones with good thinking ways and workstyles, strong sense of organization and discipline, and high work efficiency.

Fellow deputies, the current excellent situation in the vigorous development of our country, and the various fronts of our municipality provides extremely favorable conditions for us to carry out the CPPCC work successfully. Under the leadership of the Tianjin Municipal CPC Committee, let us uphold the four cardinal principles on our own accord, carry forward the spirit of plain living, arduous struggle, and building up the country through thrift and hard work, unite as one, brave the way forward, and make still greater contributions to our municipality's reform, opening up, economic invigoration, and building of the socialist spiritual civilization.

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CSO: 4005/741

BANK GOVERNOR SAYS CURRENCY WILL STABILIZE

OW052018 Taipei CNA in English 1501 GMT 5 Jun 87

[Text] Taipei, 5 Jun (CNA)--The parity rate of the New Taiwan Dollar against the U.S. greenback will be gradually stabilized after the Republic of China's foreign exchange controls are removed, Chang Chi-cheng, governor of the Central Bank of China, said Friday.

Chang told a press conference at the Government Information Office that the Legislative Yuan is expected to complete its third reading of an amendment to the current foreign exchange control law by the end of its present session on 15 July. As soon as the amendment clears the legislature, Chang said, the Central Bank will lift all foreign exchange controls.

Chang, however, pointed out that many other factors, such as the volume of the nation's foreign trade, foreign exchange market mechanisms and diplomatic and political considerations, also affect the NT dollar's value. He said he consequently cannot predict at what level and how soon the NT dollar's parity rate will be stabilized.

Chang said that his bank has adopted two new measures from 1 June to [words indistinct] the Central Bank's purchases of forward foreign exchange from local banks, while the second freezes the overseas liabilities of local foreign exchange banks at the level they had reached as of the end of May.

Chang said that the new restrictions, which have forced local foreign exchange banks to restrain their forward foreign exchange buying from their customers and have thus exposed export-oriented manufacturers to higher risks in parity rate fluctuations, could cause the NT dollar's further appreciation and disrupt the stability of the local foreign exchange market.

He stressed, however, that the two new measures are in line with the government's policy of economic liberalization. The moves are also expected to quicken the appreciation of the NT dollar and to block the influx of speculative money, he said.

Chang revealed that the overseas debts of local foreign exchange banks have increased rapidly in recent months. The amount had already topped U.S. dollars 12.9 billion as of 28 May. In order to prevent the rapid inflow of

foreign exchange from abroad, Chang said, the Central Bank must limit local foreign exchange banks' overseas liabilities.

He reminded the public that his bank will still regulate foreign exchange inflows even after foreign exchange control regulations are lifted in order to maintain local financial stability.

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12 Aug. 1987